BOARD OF DIRECTORS

G Mangilal Surana	-	Chairman
Narender Surana	-	Managing Director
Devendra Surana	-	Director
O Swaminatha Reddy	-	Director
R Surender Reddy	-	Director
S R Vijayakar	-	Director
S Balasubramanian	-	Whole-Time Director

STATUTORY COMMITTEES
AUDIT COMMITTEE

O Swaminatha Reddy	-	Chairman
G Mangilal Surana	-	Member
R Surender Reddy	-	Member
S R Vijayakar	-	Member

SHAREHOLDERS' GRIEVANCE COMMITTEE

G Mangilal Surana	-	Chairman
Narender Surana	-	Member
Devendra Surana	-	Member

COMPANY SECRETARY & MANAGER (LEGAL)

P Rajesh Kumar Jain

BANKERS

State Bank of India

Development Credit Bank Limited

Corporation Bank

UTI Bank Limited

HDFC Bank Limited

STATUTORY AUDITORS

Sekhar & Co.,
Chartered Accountants
133/4, R. P. Road,
Secunderabad – 500 003.

INTERNAL AUDITORS

Luharuka & Associates
Chartered Accountants
5-4-187/3&4, Soham Mansion,
2nd Floor, Above Bank of Baroda
M G Road, Secunderabad - 500 003.

REGISTRARS & TRANSFER AGENTS

Karvy Computershare Private Limited.
Karvy House, 46, Avenue 4,
Street No: 1, Banjarahills,
Hyderabad- 500 034

WORKS

Power Cable
Plot No. 214, Phase II,
I.D.A., Cherlapally
Hyderabad – 500 051.

JFTC
Plot No. 12 to 16,
Pilerne Industrial Estate,
Panaji,
Goa – 403 001.

Optic Fibre Plant
Plot No. 212/3 & 4
Phase II, IDA Cherlapally
Ghatkesar (M)
Ranga Reddy District

Non-Conventional Energy

Kapatgudda, Gadag District,
Karnataka,
India

REGISTERED OFFICE

2nd Floor, Surya Towers,
Sardar Patel Road,
Secunderabad – 500 003.
India - 500 003
Tel: +91 40 27845119, 27841198
Fax : +91 40 27818868
E-mail: info@surana.com, surana@surana.com

NOTICE OF 18th ANNUAL GENERAL MEETING

NOTICE is hereby given that the 18th Annual General Meeting of the members of **SURANA TELECOM LIMITED**, will be held on thursday, the 27th September, 2007 at **12.00 Noon** at III floor, Surya Towers, S.P.Road, Secunderabad to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2007 and the Profit & Loss Account for the year ended 31st March, 2007 along with the Auditors' Report & Directors' Report thereon.

2. To declare Dividend for the year ended 31st March, 2007.

3. To appoint a Director in place of Shri O. Swaminatha Reddy, who retires by rotation and being eligible offers himself for re-appointment.

4. To appoint a Director in place of Shri. S.R. Vijayakar, who retires by rotation and being eligible, offers himself for re-appointment.

5. To appoint M/s. Sekhar & Co., Chartered Accountants, as Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorise the Board to fix their remuneration.

SPECIAL BUSINESS:

6. To consider and, if thought fit, to pass, with or without modifications, the following resolution as a **SPECIAL RESOLUTION:**

   "**RESOLVED** that in accordance with Section 21 and other applicable provisions if any, of the Companies Act, 1956 and subject to the approval of the Central Government, the name of the Company be changed from "Surana Telecom Limited" to "Surana Telecom and Power Limited".

   RESOLVED FURTHER THAT the name "Surana Telecom Limited" wherever it appears in the Memorandum and Articles of Association of the Company be replaced with the "Surana Telecom and Power Limited".

   RESOLVED FURTHER THAT for the purposes of giving effect to the above Resolution, the Board / Company Secretary of the company and other designated officers are hereby authorized on behalf of the Company to do all such acts, deeds, matters and things as it may at its discretion deem necessary or desirable for such purpose, including filing of applications and other documents with the concerned Authorities for necessary approvals as it may in its absolute discretion deem fit."

7. To consider and, if thought fit, to pass, with or without modifications, the following resolution as a **SPECIAL RESOLUTION:**

   "**RESOLVED THAT** in supercession of the resolution passed by the Members of the Company at their meeting held on 27.09.2002 and pursuant to the provisions of Sections 198, 269, 309, Schedule XIII and other applicable provisions of the Companies Act, 1956, Shri Narender Surana, be re-appointed as Managing Director of the Company for a period of 5 years from 18.01.2007 i.e., upto 17.01.2012 without any remuneration, to look after the day to day affairs of the Company subject to the superintendence, guidance and directions of the Board of Directors.

   RESOLVED FURTHER THAT Shri Narender Surana shall be entitled for reimbursement of actual entertainment, traveling, boarding and lodging expenses incurred by him in connection with the Company's Business."

8. To consider and, if thought fit, to pass, with or without modifications, the following resolution as a **SPECIAL RESOLUTION:**

   "**RESOLVED THAT** Pursuant to the provisions of Section 314(1B) and other applicable provisions if any of the Companies Act 1956, the salary of Smt. Sunita Surana, Public Relations (Manager), wife of Shri. Narender Surana, Managing Director of the Company be enhanced from Rs.9850/- to Rs.25,000/- per month in the scale of Rs. 25,000 – 5,000 – 50,000 with effect from 08.08.2006.

   FURTHER RESOLVED that in addition to her monthly remuneration she shall also be entitled to performance bonus, leave encashment and reimbursement of medical expenses in accordance with the Rules of the Company subject to a maximum of Rs.5,00,000/- p.a."

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and on a poll to vote instead of himself and such proxy need not be a member. The instrument appointing a proxy should, however, be deposited at the Registered office of the Company not less than 48 hours before the meeting.

2. The Register of Members and Share Transfer Books of the Company will remain closed from 21.09.2007 to 27.09.2007 (both days inclusive).

3. Dividend on shares @ 20 % as recommended by the Board of Directors, if declared by the Company at the meeting, will be paid subject to the provisions of Section 205A of the Companies Act, 1956, to those shareholders whose names appear on the Register of Members of the Company as on 21.09.2007 or to their mandates, to the extent eligible, and also to the Beneficial Owners of equity shares held in electronic form on the same date as per the details furnished by the Depositories for this purpose.

4. The Securities and Exchange Board of India (SEBI) and the Department of Company Affairs have made it mandatory for all the listed companies to offer Electronic Clearing Service (ECS) facilities for payment of dividend, wherever applicable. This facility offers various benefits like timely credit of dividend to the shareholders' account, elimination of loss of instruments in transit or fraudulent encashment etc. Currently, the facility is available at locations specified by RBI. In case of shareholders staying at locations not currently covered by ECS, the bank account details will be used for suffixing along with the name of the shareholder on the Dividend Warrant. In view of the above:

   i. Shareholders holding shares in **Physical Form** and desirous of availing the facility are requested to complete the ECS Form attached to this Annual Report and forward the same to the Company at it's registered address.

   ii. Shareholders holding shares in **Dematerialised Form** are requested to provide the Bank details to their Depository participants for incorporation in their records. The Depository in turn would also forward the required information to the Company.

5. Pursuant to the provisions of Section 205A (5) of the Companies Act,1956, Dividends for the Financial Year ended 31st March, 2000 which remain unclaimed for a period of seven years, has been transferred to the Investor Education and Protection Fund established by the Central Government pursuant to Section 205 (c) of the Companies Act, 1956.

   It may be noted that no claim shall lie in respect of the Unclaimed Dividend transferred to the Investor Education and Protection Fund. Therefore Members who have not encashed the Dividend Warrant(s) so far for the Financial Year 2000-01 and subsequent Financial Years are requested to make their claim to the Company at its Registered Office.

   Information in respect of the due date for transfer of such unclaimed dividend to the said fund is given below:

For the Financial Year	Date of Declaration	Due for Transfer on
2000-01	26.07.2001	23.08.2008
2001-02	27.09.2002	24.10.2009
2003-04	28.09.2004	01.11.2011
2004-05	01.07.2005	30.06.2012
2005-06	07.08.2006	06.09.2013

The Members who have not encashed the Dividend Warrant(s) so far for the Financial Year ended 31st March, 2001 or any subsequent Financial Years are requested to make their claim to the Company at its Registered Office. It may also be noted that once the Unclaimed Dividend is transferred to the Investor Education and Protection Fund, no claim shall lie in respect thereof.

The Company's Equity shares are listed at The Stock Exchange, Mumbai, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400 001 and The National Stock Exchange of India Ltd., Exchange Plaza, 5th Floor, Plot No. C/1, G Block, Bandra- Kurla Complex, Bandra (E), Mumbai - 400 051, and the Company has paid the Listing Fees to the said Stock Exchanges.

Members / Proxies are requested to bring their copies of Annual Report with them for the Annual General Meeting and the attendance slip duly filled in for attending the Meeting. No copies of the Annual Report will be distributed at the meeting.

Members holding shares in physical form, may write to the Company's Registrars & Transfer Agents for any change in their address and bank mandates, members having shares in electronic form may inform the same to their depository participants immediately so as to enable the Company to despatch dividend warrants at their correct addresses.

Members are requested to send all communication relating to shares to the Company's Share Transfer Agents (Physical and Electronic) at **KARVY COMPUTER SHARE PRIVATE LIMITED,** Karvy House, 46,Avenue 4, Street No: 1,Banjarahills, Hyderabad –500 034.

Please note that, any queries pertaining to Accounts related aspects, in order to give proper clarification should reach the Company Secretary at Registered Office of the Company at least 48 hours before Annual General Meeting.

By Order of the Board
for **SURANA TELECOM LIMITED**

Place : Secunderabad **P. RAJESH KUMAR JAIN**
Date : 27.07.2007 **COMPANY SECRETARY**

EXPLANATORY STATEMENT

Pursuant to Section 173 (2) of the Companies Act, 1956

ITEM NO. 6:

The Company was incorporated in the year 1989 and engaged in the business of manufacturing of Jelly Filled Telecommunication Cables (JFTC), Optic Fiber Cables, Jointing Kits, Optical Testing and Measuring Instruments etc., Assembling of CDMA phones. Since its inception, the Company has steadily forged ahead both in terms of technology and profitability. Later in the recent years due to shift in demand from wireline to wireless telephones, the demand for telephone cables started falling. In order to sustain and further improve the performance of the Company, the Company has in the year 2006 ventured into Infrastructure business by investing in IT parks and Entertainment related Projects, manufacture of Power cables and Conventional & Non- Conventional power generation taking clue from recent developments in the respective fields.

In order to depict its diversified activities and accurately reflect the Corporate image and to carry on its business more conveniently, a need is felt to change the Name of the Company from 'Surana Telecom Limited to 'Surana Telecom and Power Limited'.

The change of Name of the Company requires approval of Members in the General Meeting pursuant to the provisions of Section 21 of the Companies Act, 1956. Accordingly, the resolution set forth in Item 6 seeks such approval.

Under Section 163 of the Companies Act 1956, your Directors recommend the Special Resolution for your approval.

None of the directors of the Company are concerned or interested in the resolution

ITEM NO. 7

Shri Narender Surana was re-appointed as Managing Director by the Board of Directors at their meeting held on 18.01.2007 for a period of 5 years ending 17.01.2012, as per Sections 198, 269, 309, Schedule XIII and other applicable provisions of the Companies Act, 1956

As per the provisions of Schedule XIII of the Companies Act, 1956 approval by a resolution of the Shareholders in the General Meeting is required for re-appointment of the Managing Director.

Your Directors recommend the resolution for your approval.

None of the Directors except Shri G.Mangilal Surana, Shri Narender Surana and Shri Devendra Surana are concerned or interested in the said resolution except as members.

ITEM NO. 8

Taking into consideration the past experience of over 8 years of Smt Sunita Surana, Public Relations (Manager) and in view of the increased responsibility with increase in business activities of the Company and the relentless efforts and time devoted by her in contributing to the success of the organization and current industry standards in the pay scale, the payment of salary to Smt Sunita Surana has been revised by the Board of Directors at their meeting held on 07.08.2006.

Pursuant to the provisions of Section 314(1B) and other applicable provisions if any of the Companies Act 1956 the approval of the members is therefore sought for revision in the salary of Smt Namrata Surana as set out in the resolution.

Your Directors recommend the resolution for your approval.

None of the Directors except Shri G.Mangilal Surana, Shri Narender Surana and Shri Devendra Surana are concerned or interested in the said resolution except as members.

The Directors recommend the resolution for your approval.

By Order of the Board
for **SURANA TELECOM LIMITED**

Place : Secunderabad **P. RAJESH KUMAR JAIN**
Date : 27.07.2007 **COMPANY SECRETARY**

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the 18th Annual Report and the Audited Statement of Accounts of the Company for the Financial Year ended 31st March, 2007

FINANCIAL RESULTS:

The performance during the year has been as under:

(Rupees in Lakhs)

		Year ended 31st March, 2007		Year ended 31st March, 2006
Sales and other Income		**8768.94**		7833.07
Profit before Depreciation, Interest & Financial Charges.		**1342.22**		1655.61
DEDUCT:				
Depreciation	**235.64**		221.79	
Interest &Financial Charges	**139.76**	**375.40**	80.24	302.03
Profit for the year		**966.82**		1353.58
Prior period Adjustments		**0.38**		4.80
Provision for Taxation : Current Tax		**140.00**		100.00
Fringe Benefit Tax		**5.50**		4.70
Deferred Tax		**3.08**		20.28
Profit after Tax		**817.87**		1223.80
Surplus brought forward from previous year		**2193.86**		1727.82
Balance available for appropriation		**3011.74**		2951.62
APPROPRIATION:				
Dividend		**226.04**		226.04
Tax on Dividend		**38.42**		31.70
Transfer to General Reserves		**500.00**		500.00
Balance c/f to Balance Sheet		**2247.28**		2193.88
TOTAL		**3011.74**		2951.62

OPERATIONS:

The Sales net of excise and other Income for the year stood at Rs. 8768.94 Lakhs as against Rs. 7833.07 Lakhs for the previous year and the Profit before tax for the year was Rs 966.42 Lakhs as against Rs. 1348.77 Lakhs for the previous year.

NEW PROJECT INITIATIVES:

In order to sustain and improve Profitability of the Company, your Directors are pleased to inform you that, the Company has diversified into new lines of activities as under:

A. HT CABLES :

During the year under review the Company started the production of LT (Low Tension) Power Cables and the production facility for manufacture of HT (High Tension) Power Cables is under installation and is likely to be commissioned by September'07.

B. ALUMINIUM CC RODS:

As a part of backward integration in the Power cables Sector the Company has initialized the setting up of the manufacturing facility for the manufacture of Aluminium CC Rods of 7.6mm & 9.6mm diameter. These Aluminium CC Rods are used as raw material for the Aluminium Conductor and power Cable Industry. The Company expects to rollout the first production by October'07.

C. WIND POWER:

The Company has purchased a 1.25MW Wind Turbine from Suzlon Energy Ltd., at a total cost of Rs.6.30 Crores. The Wind Turbines is installed by Suzlon Energy Ltd., at Loc. K-308, Kapatguda Site in Karnataka. The WTG was commissioned on 30.03.07 and have started generation of electricity. The Company has entered in to a Power Purchase Agreement with Gulbarga Electricity Supply Company at Gulbarga, Karnataka on 30.03.07, for supply of power generated for a period of 20 years.

D. INFRASTRUCTURE:

(i) Sri City Multi Product SEZ near Chennai:

The Company has acquired 50 Acres of land in a Sri City multi product SEZ, at Tada near Chennai on lease from Satyavedu Reserve Infracity pvt ltd., which has received formal approval from Ministry of Commerce & Industry, Govt of India.

(ii) Land in Rajiv Gandhi Infotech Park, Pune:

The Company has been allotted a plot of land admeasuring 20,000 sq.mts at Plot no.11/1, Rajiv Gandhi Infotech Park at Hinjavadi , Pune on lease by Maharashtra Industrial Development Corporation. The Company has appointed architects for the construction of IT project.

(iii) Land in Rajiv Gandhi IT Habitat, Goa:

The Company has been allotted a plot of land admeasuring 4000 sq.mts at Plot no.17, Rajiv Gandhi IT Habitat, Dona paula, Goa by Infotech Corporation of Goa Ltd on lease. Building plans for construction of an IT Complex has been submitted to the concerned authorities for approval. The Company shall commence the construction on receipt of all the required approvals.

(iv) Land in Industrial Park,Vishakapatnam:

The Company has been allotted a plot of land admeasuring 2.5 Acres at Plot no.9, G-Block, Industrial Park, Vishakapatnam by APIIC for expansion of the Company's manufacturing facilities.

FUTURE PLANS:

The Company already being a prominent player in the Telecomunication Cable Sector will thrive to position it self as strong Player in the Power Cable and further intends to diversify into the field of Infrastructure Development.

DIVIDEND:

Your Directors are pleased to recommend a Dividend @ 20 % amounting to Rs. 226.04 Lakhs for the year ended 31st March 2007. This will entail an out flow of Rs. 264. 46 Lakhs .

RESERVES:

During the year the Company has transferred an amount of Rs. 500.00 Lacs to General Reserves Account.

FIXED DEPOSITS:

The Company had not accepted any deposits and consequently no deposits had matured / become due for re-payment as on 31st March, 2007.

DIRECTORS:

Shri O. Swaminatha Reddy and Shri. S.R. Vijayakar, Directors of the Company will retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

The brief profile of the Directors seeking re-appointment at the ensuing Annual General Meeting is being annexed to the Corporate Governance Report.

AUDITORS :

M/s. Sekhar & Company, Chartered Accountants, Auditors of the Company retire at the ensuing Annual General Meeting and are eligible for re-appointment. The Company is in receipt of confirmation from M/s Sekhar & Company that in the event of their re-appointment as Statutory Auditors of the Company at the ensuing Annual General Meeting, such re-appointment will be in accordance with the limits specified in Sub-section (1B) of Section 224 of the Companies Act, 1956.

PARTICULARS OF EMPLOYEES:

Information relating to particulars of Employees who are drawing more than Rs.24,00,000/-per annum which is required to be disclosed under Section 217(2A) of the Companies Act 1956 read with The Companies (Particulars of Employees) Rules 1975 are provided in the Annexure forming part of this report.

INSURANCE:

The Properties and Assets of your Company are adequately insured.

ISO 9001-2000 CERTIFICATION:

Your Company continues to hold ISO 9001-2000 Certification by meeting all the requirements of Certification from time to time.

DIRECTORS' RESPONSIBILITY STATEMENT AS REQUIRED UNDER SECTION 217(2AA) OF THE COMPANIES ACT, 1956:

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed:

(i) That in the preparation of the accounts for the financial year ended 31st March, 2007, the applicable accounting standards have been followed along with proper explanation relating to material departures;

(ii) That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the State of Affairs of the Company at the end of the Financial Year and of the Profit or Loss of the Company for the year under review;

(iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(iv) That the Directors have prepared the Accounts for the financial year ended 31st March, 2007 on a 'going concern' basis.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

Management Discussion and Analysis Report, pursuant to Clause 49 of the Listing Agreement, forms part of this Report and is annexed hereto.

CORPORATE GOVERNANCE:

The Company has implemented the procedures and adopted practices in conformity with the Code of Corporate Governance enunciated in Clause 49 of the Listing Agreement with the Stock Exchanges. A separate report on Corporate Governance is annexed herewith, as a part of the Annual Report along with the Auditor's Certificate on its compliance.

CONSERVATION OF ENERGY, FOREIGN EXCHANGE ETC:

Information on Conservation of Energy, Research and Development, Technology Absorption, Foreign Exchange Earnings and Outgo required to be disclosed under Section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1998, are provided in the Annexure forming part of this Report.

APPRECIATION:

Your Directors wish to place on record their appreciation to employees at all levels for their hard work, dedication and commitment. The enthusiasm and unstinting efforts of the employees have enabled the Company to remain at the forefront of the industry, despite increased competition from several existing and new players.

ACKNOWLEDGEMENTS:

The Board desires to place on record its sincere appreciation for the support and co-operation that the Company received from the suppliers, customers, strategic partners, Bankers, Auditors, Registrar and Transfer Agents and all others associated with the Company. The Company has always looked upon them as partners in its progress and has happily shared with them rewards of growth. It will be the Company's endeavor to build and nurture strong links with trade based on mutuality, respect and co-operation with each other.

for and on behalf of the
Board of Directors

Place : Secunderabad
Date : 27.07.2007

G. Mangilal Surana
Chairman

ANNEXURE - I TO THE DIRECTORS' REPORT

I. INFORMATION UNDER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956, READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988.

A. CONSERVATION OF ENERGY :

(i) Proper energy conservation measures has been taken up by the Company.

(ii) The Company has not made any additional investments and has not proposed any amount for reduction of consumption of energy

(iii) There is no impact of the measures at (i) and (ii) above for reduction of energy consumption and consequent impact on the cost of production of goods.

(iv) Disclosure under Form A is not applicable to the Company.

B. TECHNOLOGY ABSORPTION :

Efforts made in technology absorption as per FORM B

F O R M B

(Disclosure of particulars with respect to technology Absorption)

A) Research and Development (R & D) :

1.	Specific areas in which R & D carried out by the Company	:	To Manufacture in smallest size PIJF Cables for supply to Private Operators for Broad Band Network, developing Quad Cables for Railways and Cable Assembly to Automobile Sector.
2.	Benefits derived as a result of the above R & D for the Company	:	In the depressed market, looking for new areas like Automobile, Railway Signaling etc., for different varieties of Cable requirements therein
3.	Future plan of action	:	Manufacture and supply of CPE (Customer Premises Equipment) and related Technical Support Services to the telecom sector.
4.	Expenditure on R & D	:	As no significant amount has been spent, the same is not being shown separately.

B) Technology absorption, adaptation and innovation :

The Company is making all out efforts for improving productivity, product quality and reducing consumption of scarce raw materials and fuels.

C) Foreign Exchange Earnings and Outgo :

Activities relating to exports and initiatives taken to increase export products, services and export plans:

The Company is gearing up for better exports during the year 2006-2007.

Total Foreign Exchange earned and used :

Earned : Rs. Nil
Used : Rs. 1380.74 Lakhs

ANNEXURE - II TO THE DIRECTORS' REPORT

Information as per Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors Report for the year ended 31st March, 2007

Name	Age	Qualifications	Date of Employe-ment	Designation	Gross Remuneration in Rupees	Experi-ence	Last Employment held
Narender Surana	47	B.E. (Chemical)	14.08.89	Managing Director	24,79,200	23 years	First Employment

Note:

(i) The appointment is contractual, other terms and conditions are as per Companies Rule.

(ii) Gross remuneration includes monthly salary, perks, PF and commission on profits in terms of Schedule-XIII to the Companies Act 1956.

(iii) The Managing Director is related to Shri. G..M Surana, Chairman and Shri Devendra Surana, Director of the Company.

for and on behalf of the Board of Directors

Place : Secunderabad
Date : 27.07.2007

G. Mangilal Surana
Chairman

REPORT ON CORPORATE GOVERNANCE

1. Company's Philosophy on Corporate Governance:

Corporate Governance is more a way of Business life than a mere legal compulsion. Your Company believes that, though its primary focus is on the core objective of earning profits, the same should be aligned with the expectations of stakeholders. In this direction, the Board of Directors of your Company is committed to adopt good corporate governance practice as a part of the corporate culture, a way of its Corporate life and a kind of self-disciplinary code designed to serve the ultimate goal of making the Company a value driven Organization.

2. Board of Directors (Board):

a) The Board of Directors of the Company as on 31st March, 2007 consists of :

- 3 Independent Non-executive Directors;
- 3 Executive Directors;
- 1 Non-Executive Director.

b) Attendance Record for 2006-07:

Sl. No	Name of the Director	Category	Meetings attended	Attendance at last AGM on 07.08.2006	Remarks
1	G Mangilal Surana	Non-executive	5	Present	-
2	Narender Surana	Executive	5	Present	-
3	Devendra Surana	Executive	6	Present	-
4	O Swaminatha Reddy	Independent, Non-executive	6	Present	-
5	R Surender Reddy	Independent, Non-executive	5	Present	-
6	S R Vijayakar	IndependentNon-executive	2	Present	-
7	S.Balasubramanian	Executive	2	Absent	-

c) Number of other Directorships, Committee Membership(s) & Chairmanship(s):

Sl. No.	Name of the Director	Other Directorship	Committee Membership	Committee Chairmanship
1	G Mangilal Surana	9	1	1
2	Narender Surana	20	1	None
3	Devendra Surana	28	None	None
4	O Swaminatha Reddy	16	2	4
5	R Surender Reddy	10	8	4
6	S R Vijayakar	2	2	None
7	S.Balasubramanian	2	None	None

d) **Number of Board Meetings held and the date on which held:**

A total of 6 Board Meetings were held during the year as against the minimum requirement of 4 meetings. The maximum gap between any two Board Meetings was not more than four months at any time.

The dates on which the Board meetings were held are:

18.05.2006	29.06.2006	29.07.2006
07.08.2006	27.10.2006	18.01.2007

e) **Pecuniary relationship or transactions of Non-Executive Director:**

Apart from receiving Directors Remuneration, Non-Executive Directors do not have any other material pecuniary relationship or transactions with the Company, its promoters or its Management, which in the opinion of the Board may affect independence of judgement of the Director.

3. **Audit Committee:**

The Company's Audit Committee comprises of the following Directors all of whom are Non-Executive, the majority being Independent Directors:

1. Shri O Swaminatha Reddy - Chairman
2. Shri G Mangilal Surana - Member
3. Shri R Surender Reddy - Member
4. Shri S R Vijayakar - Member

P. Rajesh Kumar Jain, Company Secretary, is acting as Secretary to the Audit Committee.

The terms of reference stipulated by the Board to the Audit Committee includes review of the following:

- Management Discussion and Analysis of financial condition and results of operations;
- Statement of significant related party transactions submitted by Management;
- Management letters / letters of internal control weaknesses issued by the Statutory Auditors;
- Internal Audit reports relating to internal control weaknesses; and
- The appointment, removal and terms of remuneration of the Chief Internal Auditor.
- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of Audit fees.
- Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors.
- the annual financial statements before submission to the board for approval, with particular reference to following with the Management:
  - i. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of Clause (2AA) of Section 217 of the Companies Act, 1956
  - ii. Changes, if any, in accounting policies and practices and reasons for the same.
  - iii. Major accounting entries involving estimates based on the exercise of judgment by Management
  - iv. Significant adjustments made in the financial statements arising out of Audit findings
  - v. Compliance with listing and other legal requirements relating to financial statements
  - vi. Disclosure of any related party transactions
  - vii. Qualifications in the draft Audit Report.
- Reviewing, with the Management, the quarterly financial statements before submission to the board for approval.

- Reviewing, with the Management, performance of statutory and Internal Auditors, adequacy of the internal control systems.
- Reviewing the adequacy of internal Audit function, if any, including the structure of the Internal Audit department, staffing and seniority of the official heading the Department, reporting structure coverage and frequency of internal audit.
- Discussion with Internal Auditors any significant findings and follow up there on.
- Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Discussion with Statutory Auditors before the Audit commences, about the nature and scope of Audit as well as post-Audit discussion to ascertain any area of concern.
- To look into the reasons for substantial defaults in the payment to the Depositors, Debenture holders, Shareholders (in case of non payment of declared dividends) and Creditors.

The Company continued to derive immense benefit from the deliberation of the Audit Committee comprising three Non-Executive and Independent Directors. As Shri O. Swaminatha Reddy who is heading the Audit Committee as Chairman having rich experience and professional knowledge in Finance, Accounts and Company Law, the members always added the value for the Company. Minutes of each Audit Committee are placed before the Board and discussed in the meeting.

During the year, the Audit Committee Meetings were held on the following dates:

09.05.2006	29.06.2006	29.07.2006	27.10.2006	18.01.2007

Attendance Record - 2006-2007

Sl No	Name of the Director	No. of Meetings Attended
1	Shri O Swaminatha Reddy	5
2	Shri G Mangilal Surana	5
3	Shri R Surender Reddy	5
3	Shri S R Vijayakar	1

The Statutory Auditors and Internal Auditors of the Company have also attended the above meetings on invitation. The recommendations made by the Audit Committee from time to time have been followed by the Company. The Chairman of the Audit Committee has attended the Annual General Meeting to answer the queries raised by the shareholders regarding Audit and Accounts.

4. **Remuneration Committee:**
The Company does not have a formal Remuneration Committee. The re-appointment of Shri Narender Surana Managing Director of the Company is in compliance with Schedule - XIII of the Companies Act 1956.

5. **Remuneration of Directors:**
The Company pays sitting fees to all the Non-executiveDirectors at the rate of Rs.1500/- for each Meeting. The details of Sitting Fees paid to the Non-executive Directors for attending Board Meetings and Committee Meetings during the Financial Year 2006-07 are as follows:

Sl. No.	Name of Director	Commission	Sitting Fees paid (Rs.)
1	Shri G Mangilal Surana	-	15,000
2	Shri O Swaminatha Reddy	-	16,500
3	Shri R Surender Reddy	-	15,000
4	Shri S R Vijayakar	-	4,500
	Total	-	51,000

No pecuniary relationship exists between the Company and its Non- Executive Directors except for the Sitting Fees as mentioned above.

The remuneration paid to the Managing Director and Whole-time Directors during the year 2006-2007 are:

Name of Director	Salary	H R A	Commission	Total
Narender Surana	13,43,871	6,71,935	4,63,394	24,79,200
S Balasubramanian	2,04,000	80,640	-----	2,84,640
TOTAL	15,47,871	7,52,575	4,63,394	27,63,840

6. Shareholders Grievance Committee:

The Shareholders Grievance Committee constituted by the Board of Directors and comprising of Shri.G.M.Surana (Chairman), Shri Narender Surana and Shri Devendra Surana, inter-alia oversee the transfer of shares and redressal of shareholders / investors grievances and complaints regarding non-receipt of Dividends, Annual Reports, etc.

The Board has designated Shri. P. Rajesh Kumar Jain, Company Secretary, as the Compliance Officer.

The total number of complaints received and replied to the satisfaction of shareholders during the year under review was 88. There are no outstanding complaints as on 31st March 2007.

The Committee has received 65,556 Shares for Transfers and 300 Shares for Transmission out of which 27,406 Shares were approved and the balance was rejected. The committee has also received 97,750 shares and approved 89,600 Shares for conversion of physical shares into Dematerialisation during year under review. There were no transfers or transmissions or de-mat requests pending as on 31st March 2007.

7. General Body Meetings:

Location and time for last 3 years General Meetings were:

Year	Location	Date	Time
2005-2006	3rd Floor, Surya Towers, S.P. Road, Secunderabad - 500 003	7th August, 2006	11.30 A.M
2004-2005	3rd Floor, Surya Towers, S.P.Road, Secunderabad - 500 003.	1st July, 2005	11.30 A.M
2004-2005 (EGM)	3rd Floor, Surya Towers, S.P.Road, Secunderabad - 500 003.	5th February, 2005	11.30 A.M.

8. Disclosures:

Disclosures on materially significant related party transactions, i.e., transactions of the Company of material nature with the Promoters, the Directors or the Management, their subsidiaries, Group Companies or relatives etc., that may have potential conflict with the interest of the Company at large.

None of the transactions with any of the related parties were in conflict with the interest of the Company.

There were no strictures or penalties imposed on the Company by Stock Exchanges or Securities Exchange Board of India (SEBI) or any other statutory authority for non-compliance of any matter related to Capital Markets, during the last 3 years.

9. Means of Communication:

Half yearly results sent to each household of shareholders	No, as the results of the Company are published in the Newspapers having wide circulation
Quarterly results sent to each household of shareholders	No, as the results of the Company are published in the Newspapers having wide circulation
Newspapers in which published	"Business Standard" - English "Andhra Bhoomi" - Telugu
Website where the results and other official news releases are displayed	http: www.surana.com

10. The Management Discussion and Analysis Report:
A Report of the Management Discussion and Analysis is attached as part of the Annual Report.

11. General Shareholders Information:

Meeting Annual General	:	Date : 27.09.2007 Time : 12.00 Noon Venue : 3rd Floor, Surya Towers, S.P. Road, Secunderabad-500 003
Financial Calendar	:	April 1st to March 31st
Date of Book Closure	:	21.09.2007 to 27.09.2007
Dividend Payment Date	:	01.10.2007
Listing on Stock Exchanges	:	1. The Bombay Stock Exchange Ltd., Mumbai 2. National Stock Exchange of India Limited
Stock Code	:	517530 on BSE SURANATELE on NSE
ISIN Number for NSDL & CDSL	:	INE 130B01023

Market Price Data

Month	NSE		BSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
Apr '06	29.00	22.50	28.80	21.05
May'06	47.60	25.40	48.50	25.35
Jun'06	29.00	21.30	28.85	21.00
Jul'06	26.90	22.10	26.70	21.60
Aug'06	25.80	21.70	25.80	21.80
Sep'06	26.60	22.50	26.60	22.50
Oct'06	25.00	22.60	25.40	22.70
Nov'06	25.8	22.05	25.70	22.00
Dec'06	25.00	22.15	24.95	21.00
Jan'07	33.20	24.70	29.70	24.90
Feb'07	28.80	24.80	33.05	24.80
Mar'07	25.50	22.00	25.40	21.90

Registrars & Transfer Agents : Share Transfers & Communication regarding Share Certificates, Dividends & Change of Address may be sent to

M/s KARVY COMPUTERSHARE PRIVATE LIMITED,
Karvy House, 46, Avenue 4, Street No. 1, Banjarahills,
Hyderabad - 500 034.
Phone # +91-40-23420816
Fax # -91-40-23420814
Email ID : mailmanager@karvy.com
Website : http//www.karvy.com

12. Share Transfer System:

Pursuant to the guidelines issued by the Securities and Exchange Board of India, vide circular number D&CC/FITTC/CIR-15/2002 dated 27.12.2002 regarding 'Appointment of Common Agency for Share Registry Work', the Board of Directors have appointed M/s KARVY COMPUTER SHARE PRIVATE LIMITED, as Share Transfer Agents.

The R & T Agent process the Physical Share Transfers and the Share Certificates are returned to the shareholder within a maximum period of 30 days from the date of receipt, subject to the documents being valid and complete in all respects. All share transfers are approved by the Share Transfer Committee, which meets every fortnight.

As per the guidelines issued by SEBI, the R & T Agent is also offering transfer-cum-Demat facility, wherein after the share transfer is affected an option letter containing the details of the shares transferred is sent to the transferee. Any transferee who wishes to de-mat the shares may approach the Depository Participant along with a duly filled Demat Request Form, who shall, on the basis of the option letter, generate a Demat Request and send the same to the R & T Agent. On receipt, the R & T Agent confirms the request.

Any transferee not intending to dematerialize his shares need not exercise the option and the R & T Agent shall dispatch the share certificate after 30 days from the date of the Option Letter.

All requests for Dematerialization of shares are processed and the confirmation is given to the respective Depositories, i.e, National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL), within 15 days of receipt.

13. Issue of Equity Shares etc.

The Company has not issued any Equity shares through public, rights, or preferential issue during the year (2006-2007) under review.

14. Shareholding Pattern as on 31st March, 2007:

Category	No of Shares	Percentage
Promoters	1,17,86,432	52.14
Mutual Funds and UTI	14,200	0.06
Financial Institutions & Banks	5,03,129	2.22
FII's	2,800	0.01
Bodies Corporate	12,72,143	5.63
Indian Public	87,10,500	38.53
NRI's / OCB's	3,15,196	1.39
TOTAL	2,26,04,400	100.00

15. Distribution of Share holding as on 31st March 2007:

No of Equity Shares held	Number of Shareholders	% of Shareholders
1 - 5000	13827	90.91
5001 - 10000	705	4.63
10001 - 20000	354	2.33
20001 - 30000	141	0.93
30001 - 40000	41	0.27
40001 - 50000	45	0.30
50001 - 100000	48	0.31
100001 & above	49	0.32
Total	15210	100.00

16. Dematerialisation of shares & Liquidity

The trading in Company's shares is permitted only on dematerialized form. In order to enable the shareholders to hold their shares in electronic form and to facilitate scrip-less trading, the Company has enlisted its shares with NSDL and CDSL.

17. Share Dematerialisation Records:

89,600 shares representing 94.33% of the total equity capital were held in dematerialised form with the National Securities Depository Limited and Central Depository Services Limited as on 31st March, 2007.

18. Outstanding GDR's / ADR's / Warrant or any convertible instruments, conversion date and likely impact on Equity:

The Company has not issued any of these instruments till date.

19. Secretarial Audit:

The Company gets the Secretarial Audit done by a Practising Company Secretary for the purpose of reconciliation of the total admitted capital with both the depositories and the total issued and listed capital. The Secretarial Audit Report placed before the Board of Directors on a quarterly basis is also sent to the Stock Exchanges where the Company's shares are listed.

20. Plant Locations:

Plot No 214, Phase II, I.D.A., Cherlapally Hyderabad - 500 051.	Plot No. 12 to 16, Pilerne Industrial Estate, Panajim, Goa - 403 001.	Optic Fibre Plant Plot No.212/3 & 4 Phase II, I.D.A. Cherlapally Ghatkesar (M) Ranga Reddy District.

21. Address for Correspondence :

Sl. No.	Shareholders Correspondence for	Addressed
1.	Transfer / Dematerilasation / Consolidation / Split of shares, Issue of Duplicate Share Certificate, Non-receipt of dividend/ Bonus Shares, etc., change of address of Members and Beneficial Owners and any other query relating to the shares of the Company.	**KARVY COMPUTERSHARE PVT. LTD.,** Karvy House, 46, Avenue 4, Street No: 1, Banjarahills, Hyderabad-34 Phone # +91-40-23420816 Fax # -91-40-23420814 E.mail : mailmanager@karvy.com Website : www.karvy.com
2.	Investor Correspondence/Queries on Annual Report, Revalidation of Dividend Warrants, Sub-Division, etc.	**P. RAJESH KUMAR JAIN** **Company Secretary & Manager (Legal)** **Surana Telecom Limited** 2nd Floor, Surya Towers, S P Road, Secunderabad - 500 003. Ph No.s : 27845119/66320700 Fax: +91-040-27848851 / 27818868 E-mail : cs@surana.com investorservices_stl@surana.com Website: www.surana.com

22. Depository Services :

For guidance on Depository Services, Shareholders may write to the Company or to the respective Depositories:

National Securities Depository Ltd Trade World, 4th Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai - 400 013 Tel : 091-022-24972964-70 Fax : 091-022-24972993 / 24976351 Email : info@nsdl.co.in.	Central Depository Services (India) Ltd Phiroze Jeejeebhoy Towers, 28th Floor, Dalal Street, Mumbai - 400 023ASQ Tel : 091-022-22723333 Fax : 091-022-22723199 Email : investors@cdslindia.com

23. Nomination Facility :

Shareholders holding shares in physical form and desirous of making a nomination in respect of their shareholding in the Company as permitted under Section 109A of the Companies Act, 1956 are requested to submit to the Company the prescribed Form 2B for this purpose.

24. Code of Conduct for the Board & Senior Management Personnel:

The Company has laid down a Code of Conduct at the Meeting of the Board of Directors held on 5th Feb'05 for all its Board Members and Senior Management Personnel of the Company. The Code of Conduct has been posted in the website of the Company. The said members will be affirming compliance with the Code on Annual basis.

25. Company's Policy on prevention of insider trading:

Pursuant to the requirements of SEBI (Prohibition of Insider Trading) Regualtions, 1992, as amended, the Company had framed a Code of Conduct for prevention of insider trading. Shri P. Rajesh Kumar Jain, Company Secretary had been appointed as the Compliance Officer for this purpose The code is applicable to all such employees of the Company who are expected to have access to the unpublished price sensitive information relating to the Company and the same is being implemented as a self-regulatory mechanism.

Particulars of Directors seeking re-appointment at the forthcoming Annual General Meeting pursuant to Clause 49 of the Listing Agreement:- Narender Surana

Name of Director	SRI. O. SWAMINATHA REDDY	SRI. S. R. VIJAYAKAR
Expertise in Specific Functional areas	Sri Swaminatha Reddy a Commerce graduate and fellow member of The Institute of Chartered Accountants of India, New Delhi. [B.Com (Hons)., A.C.A.]. Being the former Chairman of Andhra Bank and also former Chairman and Managing Director of APSFC, he had a rich experience of almost four decades. He has been the Director of the Company since 1994, and guiding he Company in the areas of Financial Decision Making and Management Policies ever since	Four Decades of Experience in Electricals & Electronics in various capacities. He was the General Manager for E.C.I.L and also acted as Chairman and Managing Director of the said corporation..,He was also the Secretary of the Department of Electronics of Government of India.After retirement from the services he was the Chairman for Maharashtra Electronics Limited, Advisor-E.T &T.D.C Ltd etc.,
Date of Birth	25.12.1930	17.12.1928
Qualification	B.Com (Hons)., A.C.A	B.E. (Mechanical & Electrical)
List of other Companies in which Directorship is held as on 31st March, 2007	**CHAIRMAN:** Sagar Cements Ltd, T.C.I. Finance Ltd, Sujana Resorts Ltd, Sagar Power Ltd, **DIRECTOR:** V.B.C. Industries Ltd, K.C.P. Ltd, Transport Corporation of India Ltd, Bhagyanagar India Ltd, Khaitan Electricals Ltd, H.B.C. Flex Tech Ltd, Scientia Infocom Industries Ltd Bhagyanagar Properties Ltd K.M. Power Pvt. Ltd. (Nominee IREDA) E.P.R. Gene Technologies Pvt. Ltd. E.P.R. Pharmaceuticals Pvt. Ltd. E.P.R. Centre for Cancer Researchand Biometrics Pvt. Ltd.	TVS Electronics Ltd, SPEL Semi Conductors Ltd.,
Chairman/Member of the Committees of the Board of other Companies in which he is a Director as on 31st March, 2007	**CHAIRMAN:** Sagar Cements Ltd. Transport Corp. of India Ltd. Khaitan Electricals Ltd. Bhagyanagar India Ltd. V.B.C. Industries Ltd. K.C.P. Ltd.	**MEMBER AUDIT COMMITTEE** TVS Electronics Ltd., SPEL Semi Conductors Ltd.

AUDITORS' CERTIFICATE REGARDING CORPORATE GOVERNANCE

To the Members of Surana Telecom Limited
Secunderabad.

We have examined the compliance of conditions of Corporate Governance by Surana Telecom Limited, for the year ended 31.03.2007, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an Audit nor an expression of opinion on the Financial Statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For and Behalf of
Sekhar & Co
Chartered Accountants

G. Ganesh
Partner
Membership No : A211704

Place : Secunderabad
Date : 27th July, 2007

DECLARATION OF COMPLIANCE OF CODE OF CONDUCT

Pursuant to the Circular No. SEBI/CFD/DIL/CG/1/2004/12/10 dated 29th Oct' 2004, it is hereby declared that the Company has obtained confirmation from all the Board Members and Senior Management Personnel of the Company for the compliance of the Code of Conduct of the Company for the year 2006-07

Place : Secunderabad
Date : 27th July, 2007

NARENDER SURANA
MANAGING DIRECTOR

MANAGEMENT DISCUSSION AND ANALYSIS

1. BUSINESS OF THE COMPANY:

The Company currently operates in two main business segments, Telecommunication and Power Sector. The Company has off late forayed in the Infrastructure and Non Conventional Energy sector.

1.1 TELECOM DIVISION:

The Company Telephone Cables division mainly comprises of manufacture of Jelly Filled Telephone Cables and Optical Fiber cables in addition to the manufacture of Jointing kits and assembling of CDMA Phones.

1.1. A. Jelly Filled Telephone Cables

One of the core area of the company's business is manufacture of Jelly Filled Telephone Cables. The company started this division in the year 1994-95 and has manufacturing facilities at Hyderabad & Goa. The company manufactures cable from the range of 5 pairs to 800 pairs with a total production capacity of 2.9 million CKM. The latest technology and testing facilities have led to the units being recognized and approved by the BSNL, MTNL, Indian Railways (IR) and Airtel.

The demand for Cable is expected to decrease in future. Mitigating this to some extent is lower incidence of sales tax and income tax, low component of depreciation on its plants in Goa and low marginal financial cost to the Company. Therefore, the Company is continuously shifting its focus on other divisions.

1.1. B. Optical Fiber Cables:

The Company started manufacturing of Optical Fiber Cables in the year 1995.

A sophisticated plant equipped with state-of-the-art equipment from ROSENDAHL-KOBELCO helps the division produce 6000 route Km of pair 6,12,24 fiber optic cables and accessories such as branch closures, optical fiber termination boxes and tool kits.

With the present trend of rapid technological upgradation in the Telecommunication Sector, Optical Fibre Cable is playing a key role in the communication network. In order to meet this new challenge, in the year 2001 under Backward Integration Plan ,the Company established its manufacturing facility for Optical Fibre (which is the main raw material for manufacture of Optical Fibre Cables) at Hyderabad, with an annual capacity of 2.5 lac Kilometres initially, with Optical Fibre Drawing Tower equipment from KOBELCO of Japan.

1.1. C. HEAT SHRINKABLE CABLE JOINTING KITS DIVISION

Extensive R & D and technological integral has led to this unit becoming entirely self-sufficient today. An annual production capacity of 6,00,000 kits. Equipped with the most modern and sophisticated plant supplied by German centres of excellence, the Company has been successful in totally indigenizing the manufacturing process.

1.1. D. CDMA TELEPHONES

The company has also entered into assembling and marketing agreement with, LG Electronics of Korea and Huawei of China for CDMA Fixed Wireless Telephone and WLL telephones. During the year 2006-07, the Company has executed orders worth 13 crores. Though the market for CDMA phones is growing rapidly, the company is not aggressively pursuing the same as the margins are low.

1.2 POWER DIVISION:

To cope with the situation of declining JFTC demand, and in view of the high demand for the Power Cables in the market and availability of required resources coupled with optimal utilization of existing facilities, the Company restructured it's a part of its plant to manufacture power cables, which in the long run, will help in increase in the revenues of the Company.

1.3 INFRASTRUCTURE DIVISION:

Anticipating the potential in the Infrastructure business, the Company started investing its surplus funds in IT Infrastructure and leased the same to prominent IT Companies. Now, with a view to become an active player in the Infrastructure business the Company has initialed several projects to build up IT/ITES and Hardware Infrastructure in various parts of the Country.

1.4 NON CONVENTIONAL ENERGY DIVISION:

Recently your Company has made a foray into the non-conventional energy sector with a wind power project with an initial capacity of 1.25 MW at Kapatigudda, Karnataka State. The project was commissioned on 30.03.07. The company is also eligible for carbon credit for this project.

2. INDUSTRY ANALYSIS

2.1. A. Jelly Filled Telephone Cables:

2.2 Jelly Filled Telecom Cables:

JFTC demand has suffered as a result of the increasing deployment of wireless networks and popularity of mobile services and the decline in the rollout of and demand for wireline services. Over the last 5 years (2001-06), the JFTC industry has shrunk at a compounded rate of 27 per cent every year. The size of the JFTC industry has reduced to Rs 7.4 billion in 2005-06 from around Rs 34.0 billion in 1998-99.

It is expected that the business scenario for JFTC producers, battling with huge unused capacities (over 90 per cent of the industry capacity is lying idle) and weak demand, to continue to remain unfavourable. Cumulative JFTC demand during 2005-06 and 2009-10 is forecast to be at around 560 lckm (as against 1,660 lckm during the period 2000-01 to 2004-05),, which translates into an average demand of 112 lckm annually.

JFTC demand in each of the years during this period would primarily depend on the order flow from BSNL, the largest buyer of JFTC, and rollout plans of private operators such as Reliance Infocomm and Bharti Tele-Ventures Limited.

Since JFTC demand is not expected to improve even in the years ahead and to cope with the situation of declining JFTC demand, several players in the industry have restructured their plants to manufacture other type of cables such as power cables or electrical cables. It is expected that many other players in the industry to also take similar steps.

2.1. B. Optical Fiber Cables:

The year 2006 experienced an impressive revival in global demand for optical fibers. Developed and emerging economies had encouraging announcements on infrastructure development projects. There are new and sustainable demand drivers on the anvil and there is wave of activity to develop new products to address applications as fiber comes closer to the subscriber. CRU International - a research agency in the United Kingdom,reported that the global demand for Optical Fiber Products increased to 97.3 Million-km in 2006 compared with 76.0 Million-km in 2005, translating to a Y-o-Y growth of 28%.Demand for Optical Fiber

The increase in emerging-market backbone deployments has resulted from deregulation or "liberalizing" market developments, investment in new infrastructure to compete with incumbents, and deployments in developing economies by utilities that have extensive rights-of-way. Based on industry information and published sources, the fiber optic industry in India showed an increase in demand in 2006-07 to 3.1 Million-km of cabled optical fiber. This represents a yo-y growth of about 33% in FY 2006-07 over FY 2005-06.

The demand of fiber optic cables by Indian Private Telecom Incumbents, Cellular Industry, CATV Industry, MSOs and others have surpassed that of the Government incumbents like BSNL,MTNL and RailTel, which were traditionally the largest buyers of fiber optic cables in India. The Indian Government as a buyer of Fiber Optic Cables through the Telecom Incumbents & Public Sector Undertakings such as the Oil and Gas Sector, Power Sector, etc. cumulatively constituted about 25% of the total purchases of Fiber Optic Cables in India in FY 2006-07. The Private Telecom Operators constituted about 34%.

There has been a countrywide renewal in demand from the Cellular Industry, with new and expanded networks being laid to cater to the booming subscriber base. There is also an increasing adoption of fiber-based networks by the Cable TV Segment, Multi-Service Operators (MSOs) and e-Governance State Initiatives. This set of buyers had a cumulative purchase of about 1.2 Million-km of Optical Fibers, which constituted about 41% of India's purchases of Fiber Optic Cables in India in FY 2006-07.

2.2 POWER CABLES:

Given the strong growth drivers, the industry is expected to grow at a CAGR of 20-25% over the next few years. The size of the industry is expected to grow @ Rs15-20bn p.a. and touch around Rs150bn by FY2012 from the current Rs50bn. Most

of the business is expected to flow to existing players, especially the larger ones, because approvals and references play a very important role in obtaining orders and these take a long period (around 3-5 years) to be in place. Hence in spite of low Capex requirement (Sales to Capex ratio of around 4x), supply to some extent will be constrained. The key beneficiaries would be the ones who have good experience, execution skills and strong management bandwidth in terms of streamlining capacity expansion plans to sustain the accelerated growth rates.

Most of the players witnessed a poor performance over the past few years with poor demand from the Power Sector, a sluggish economy and declining performance of the Telecom Cable business. However, there has been a sharp swing in the performance from the previous year with a healthy demand scenario, especially from the Power Sector, resulting in improving utilization levels and a sharp improvement in margins.

With a strong demand expected to flow over the next few years, most of the players are ramping up operations by aggressively adding capacities. The product mix is also witnessing a change with focus on HT Cables. With cost rationalization, higher operating leverage and improved product mix, the margins of the major players are expected to stabilize at higher levels of around 14-16%. Thus a strong demand potential, healthy growth in revenues and positive outlook on profitability drives creates a bullish view on the sector.

2.3 INFRASTRUCTURE:

The Indian economy continues to surge ahead. The strong economic growth has augured well for the Indian real estate market. Almost 80% of real estate developed is IT Parks & Residential space and the rest comprises of offices, hotels, malls and entertainment avenues. Technology sector and the outsourcing story coupled with the demographic shift characterized by rising disposable incomes and increased consumer spending has changed the face of commercial real estate market in India. It has been estimated that there is a demand for approximately 75-85 mn.sq.ft. of IT space over the next five years. The housing boom, despite marginal firming up of interest rates on housing loans, continued its fourth successive year of price rise. 2006 witnessed a sharp price increase, with price rises ranging from 20-50% depending upon cities and locations within the cities.

India possesses the elements of very strong demand growth on the housing market in the coming decades. In a very conservative (and unlikely) scenario in which the average household size remains constant at the present-day level, the backlog of demand cannot be unwound and no shifts in quality take place, each year some 4.7 million housing units would have to be completed up to 2030. This figure is based on additional demand of roughly 2.7 million housing units and annual replacement demand of roughly 2 million dwellings (Source: Deutsche Bank Research Report May, 2006).

2.4 NON COVENTIONAL ENERGY (Wind Power):

India consumes about 3.7% of the world's commercial energy and is ranked as the fifth largest consumer of energy in the world in terms of energy demand; this being despite having one of the lowest per capita energy consumption in the world. Continued economic development and increasing population are pushing up the demand for energy at a higher rate than additions in generation capacity. India's incremental energy demand for the next decade is projected to be among the highest in the world, spurred by sustained economic growth, rise in income levels and increased availability of goods and services. With a gross domestic product (GDP) growth target of 8% set for the next few years, the energy demand is expected to grow at 5.2% annually. It has been estimated that to support the government's GDP growth targets, the electricity sector alone will have to increase supply by 10% annually.

With the rising price of fossil fuels and increasing environmental concerns, renewable energy, particularly wind power is back in favour. The major benefit of wind energy is that it is renewable unlike fossil fuels such as coal and oil. Secondly, it is a clean energy source so there are no emissions of carbon dioxide, sulphur dioxide and other pollutants. The major problem with wind-power is the low load factors of 20-30% and not so great reliability because of unpredictable wind patterns.

India has an installed capacity of 6270.0 MW as on Dec'2006, which places it fourth in ranking globally. Achievements in wind power installation for the past two years have been phenomenal. The addition during 2004-05 was 1111.00 MW and that in 2005-2006 as 1746.30 MW.

3. RISK ANALYSIS & MITIGATION

3.1 Business Risk

The state of Indian economy and the development in infrastructure, power and industrial projects and

expansions have a direct bearing on the performance of the company. These sectors are expected to grow and are expected to drive the demand for the company's products also; however an adverse development in these sectors can have negative impact on the company's performance and its financials. The instability in the raw material prices especially of metals like Copper and Aluminum being used in the manufacture of cables can also have an adverse impact on the performance of the company.

3.2 Technology Risk

The company keeps track of the latest trends in the cable industry globally. The company has an in-built quality assurance system whereby the product is tested at every stage for its quality and technical accuracy. Management of the company is giving Quality Assurance and Research its highest priority. Continuous improvements in the existing products and enhancement of product offerings will enable the company to emerge as a reliable, cost competitive and quality provider of complete cable solutions.

3.3 Financial Risk

Company's investments from time to time are made after due analysis and study. The company has adequate system to control financial risks. Company has adequate system and control to monitor adequate inventory levels so as to reduce the cost of capital and unpredicted fluctuations in the prices of inventory.

3.4 Human Resources

Human Resource is the most valuable asset of the company as it is the ultimate key to the success of any organization and the company gives due importance to maintain cordial employer-employee relations. The Company is committed to foster a high performance environment which characterizes the organizational climate that delivers the business strategy. The company has low labour turnover and has adequate system to reward and recognize the employee contribution towards the growth of the company.

4. INTERNAL CONTROL SYSTEM AND ITS ADEQUACY

The Company has adequate Internal Control Systems and Procedures with regard to purchase of Stores, Raw Materials including Components, Plant and Machinery, equipment, sale of goods and other assets. The company has clearly defined roles and responsibilities for all managerial positions and all operating parameters are monitored and controlled. The company has an Internal Audit System commensurate with its size and nature of business. M/s Luharuka & Associates, a firm of Chartered Accountants, are acting as Internal Auditors of the Company. Periodic reports of Internal Auditors are reviewed in the meeting of the Audit Committee of the Board. Compliance with laws and regulations is also ensured and confirmed by the Internal Auditors of the company. Standard operating procedures and guidelines are issued from time to time to support best practices for internal control.

5. BUSINESS OUTLOOK

5.1. A. Jelly Filled Cables Division:

The Demand for Cable is expected to decrease in future. Mitigating this to some extent is lower incidence of sales tax and income tax, low component of depreciation on the plants in Goa and low marginal financial cost to the Company. The Company is gradually reducing dependence on jelly filled cables and is shifting its focus on other divisions.

5.1. B. Optical Fiber Cables:

During the current year this business has been adversely affected due to deferment of buying program of PSU telecom majors such as BSNL and MTNL. However the company retains a positive outlook on this business and look forward to increased business opportunities in the new markets.

5.2 Power Cables:

In view of the anticipated investments in infrastructure, power, railways and industrial sector, it is expected that the demand for the company's power cables will grow rapidly. The Company has already received several orders for LT Power Cables and has been constantly maintaining the positions between L-1 to L-3 in tenders floated by various Electricity boards across the Country. The Company being hardly half year young in this division only a small portion of the tender is being awarded, but with the commencement of execution of initial orders your Company expects huge orders in the months to come. Your Company has very recently commenced the production of HT power cables which will further add to the turnover in the current and future years. It is expected that the turnover of the company and its profitability will increase substantially during the next financial year if the development taking place in the infrastructure, power and industrial sector, continues to grow at the current pace.

5.3 Infrastructure:

The Company has acquired several pockets of land in SEZ, IT Parks and Hardware Park in various places in India where the Company will build IT/ITES Infrastructure. The Company has started the preliminary work for all the projects as detailed in the New Project Initiatives segment of the Directors report and the Construction work will soon commence.

5.4 Wind Power:

The Wind Power Project with the present capacity of 1.25 MW will continue to contribute a steady revenue of about a crore annually. The Company has entered into a Power Purchase Agreement with Gulbarga Electricity Supply Company for sale of Power for 20 years.

6. INTERNAL CONTROL SYSTEM AND ITS ADEQUACY:

The Company has adequate Internal Control Systems and Procedures with regard to purchase of Stores, Raw Materials including Components, Plant and Machinery, Equipment, Sale of Goods and Other Assets.

The Company has clearly defined roles and responsibilities for all managerial positions and all operating parameters are monitored and controlled.

The Company has an Internal Audit System commensurate with the size and nature of its business. The Company has employed M/s Luharuka & Associates, a firm of Chartered Accountants, for its Internal Audit function. Periodic reports of Internal Auditors are reviewed in the meeting of the Audit Committee of the Board. Compliance with laws and regulations is also ensured and confirmed by the Internal Auditors of the company. Standard Operating Procedures and Guidelines are issued from time to time to support best practices for Internal Control.

7. FINANCIAL PERFORMANCE & OPERATIONAL PERFORMANCE:

7.1. Financial Performance:

Capital Structure:

The Equity Share Capital of the Company as on 31st March 2007 is Rs.11,30,22,000/- comprising of 2,26,04,400 Equity Shares of Rs.5/- each fully paid.

Reserves and Surplus:

The Reserves and Surplus of the Company currently stands at Rs 7089.26 Lakhs, as compared to Rs. 6717.17 Lakhs in the previous year.

Fixed Assets:

During the year, the Company has revalued some of the Fixed Assets of the Company and an addition during the year is Rs 1232.23 Lakhs.

Inventories:

Inventories, as on 31st March, 2007, amounted to Rs 398.06 Lakhs as against Rs. 658.54 Lakhs in the previous year.

Sundry Debtors:

Sundry Debtors amounted to Rs 948.12 Lakhs as on 31st March, 2007 as against Rs. 1855.50 Lakhs in the previous year. These Debtors are considered good and realisable.

Cash and Bank Balances:

Cash and Bank balances with Scheduled Banks as well as in hand amounting to Rs. 547.77 Lakhs include amounts deposited with banks as Security and margin Money Deposit.

Loans and Advances:

'Loans and Advances' amount to Rs 817.05 Lakhs.

Current Liabilities:

'Sundry Creditors' represent the amount payable to vendors for supply of goods. 'Advances received from Customers' denote monies received for the delivery of future services.

7.2. Operational Performance:

Turnover:

During the year 2006-2007, the turnover of the Company was Rs 8689.03 Lakhs as compared to Rs. 8476.23 Lakhs in the previous year.

Other Income as on 31st March, 2007 was Rs 572.96 Lakhs as compared to Rs. 421.61 Lakhs in the previous year.

Expenditure :

During the year, the Company incurred expenses amounting to Rs 1020.52 Lakhs as compared to Rs. 849.11 Lakhs in the previous year.

Depreciation :

The Company has provided a sum of Rs 235.65 Lakhs towards depreciation for the year as against Rs. 221.79 Lakhs in the previous year.

Provision for Tax:

The Company has provided a sum of Rs 140.0 Lakhs as Current Tax, Rs.3.05 Lakhs as Deferred Tax, and Rs. 5.50 Lakhs as Fringe Benefit Tax for the current year.

Net Profit :

The Net Profit of the Company after tax is Rs 817.88 Lakhs as against Rs 1223.80 Lakhs in the previous year.

Earnings Per Share:

Earnings Per Share for the year ended 31.03.2007 is Rs 3.62 for Face Value of Rs.5/- as against Rs 5.41 per share for the year ended 31.03.2006.

8. HUMAN RESOURCE DEVELOPMENT AND INDUSTRIAL RELATIONS:

The Company believes that the quality of its employees is the key to its success in the long run and is committed to provide necessary human resource development and training opportunities to equip them with skills, which would enable them to adapt to contemporary technological advancements.

The Company is also maintaining a residential colony for its employees.

Industrial Relations during the year continues to be cordial and the Company is committed to maintain good industrial relations through negotiations, meetings etc.

As on 31st March 2007, the Company has a total strength of 151 employees.

9. CAUTIONARY STATEMENT:

Statements in the Management Discussion and Analysis describing the Company's Objectives and Expectations may be "Forward-Looking Statements" within the meaning of applicable Securities Laws and Regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's Operations include economic conditions affecting demand/supply and price conditions in the domestic and overseas markets in which the Company operates, technological obsolescence, changes in the Government Regulations and Policies, Tax Laws and other Statutes and other incidental factors.

AUDITORS' REPORT

To
The Members of
Surana Telecom Limited

1. We have audited the attached Balance Sheet of Surana Telecom Limited as at March 31, 2007 and also the Profit & Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on test basis, evidence supporting the amounts ad disclosures in the financial statements. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation . We believe that our audit provides a reasonable basis for our opinion.

3. As required by Companies (Auditor's Report) Order, 2003 (as amended) (henceforth referred to as the Order) issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act ,1956 (henceforth referred to as the Act), we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.

4. Further to our comments in the annexure referred to above we report that :

   a. We have obtained all the information and explanations ,which to the best of our knowledge and belief were necessary for the purposes of our audit;

   b. In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books.

   c. The Balance Sheet , Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account and with the returns from the branches;

   d. In our opinion, the Balance Sheet ,Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Act.

   e. On the basis of the written representation received from the directors, as on March 31 ,2007 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2007 from being appointed as a director in terms of clause(g) of sub- section (1) of section 274 of the Act.

   In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India -

   i. In the case of the Balance Sheet , of the state of affairs of the company as at March 31, 2007;

   ii. In the case of the Profit and Loss Account, of the profit for the year ended on that date; and

   iii. In the case of Cash Flow Statement, of the cash flows for the year ended on that date

G. Ganesh
Partner
Membership No: A211704

For and on behalf of
Sekhar & Co
Chartered Accountants

Place : Secunderabad
Date : 21.06.2007

Annexure referred to in paragraph [3] of our report of even date

Re: Surana Telecom Limited

1. a. The Company has maintained records showing full particulars, including quantitative details and situation of fixed assets.

   b. All fixed assets have not been physically verified during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on such verification.

   c. During the year the company has disposed off certain fixed assets such as part of Infrastructural assets of Infrastructure segment. According to the information and explanations given to us, we are of the opinion that sale of such assets has not affected the going concern status of the company.

2. a. The Inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.

   b. The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.

   c. The company is maintaining proper records of inventory. The discrepancies notices on verification between the physical stocks and the book records were not material.

3. a. The Company has not granted any loans to companies covered in the register maintained under section 301 of the Act. Hence we are not required to report on sub-clauses b, c and d of this clause iii of Para 4 of the Order.

   b. The company has not taken any loans from companies covered in the register maintained under section 301 of the Act. Hence we are not required to report on sub-clauses f and g of this clause iii of Para 4 of the Order.

4. In our opinion and according to the information and explanations given to us, there exists adequate internal control system commensurate with the size of the company and the nature of its business with regard to purchase of inventory, fixed assts and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system of the company.

5. a. According to the information and explanations given to us, by the management, we are of the opinion that the particulars of all contracts or arrangements that need to be entered into the register maintained under section 301 of the Act, have been so entered.

   b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance to contracts or arrangements entered in the register maintained under section 301 of the Act, and exceeding rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time. However we are unable to comment on certain transactions for specialized items for which comparative prices are not available due to the nature of goods.

6. The Company has not accepted deposits which fall under section 58A and 58AA of the Act and hence we have not reported on the relevant reporting requirements of the Order.

7. An outside firm of Chartered Accountants has carried out the Internal Audit of the Company. In our opinion the system of Internal Audit is commensurate to nature and size of the company and the nature of its business.

8. We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Act, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

9. a. The Company regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employees state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty and other material statutory dues applicable to it.

   Further, since Central Government has till date not prescribed the amount of cess payable under section 441A of the Act, we are not in a position to comment upon the regularity or otherwise of the company in depositing the same.

b. According to the information and explanations given to us and the records of the company produced before us and examined by us, there are no dues of wealth tax, service tax, excise duty, customs duty and cess, which have not been deposited on account of any dispute. The particulars of dues as on 31st March 2007, which has not been deposited on account of dispute are as follows.

Name of Statutedues	Nature of	Amount under dispute not yet deposited	Accounting Year which amount relates	Forum where dispute is contested
Andhra Pradesh General Sales Tax Act	Sales Tax	10.80 44.70 1.50	1995-96 1996-97 2001-02	STAT-Hyd STAT-Hyd Apl.D.C. - Hyd
Income Tax Act 1961	Income Tax	13.70	2004-05	Commissioner Appeals Range-4 Hyderabad
Central Excise Act	Excise duty on CDMA Phones	280.66 (INCL 100% Penality)	March and April 2005	CETSAT

10. The company has no accumulated losses as at 31st March 2007 and it has incurred cash losses in the financial year ended on that date or in the immediately preceding financial year.

11. In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.

12. We are of the opinion that the company has maintained adequate records where the company has granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

13. In our opinion, the company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore the provisions of clause 4(xiii) of the Order are not applicable to the company.

14. In our opinion, the company is not a dealer in shares, securities debentures and other investments. Accordingly the provisions of the clause 4(xiv) of the Order are not applicable to the company.

15. According to the information and explanations given to us, the company has not given guarantee for loans taken by others from bank or financial institutions, the terms and conditions whereof in our opinion are prima-facie prejudicial to the interest of the company.

16. In our opinion and according to the information and explanations given to us by the management, on an overall basis, the term loans were applied for the purpose for which the loans were obtained.

17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the company, we report that no funds raised on short term basis have been used for long term investments.

18. The company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.

19. The Company has not raised any money by issue of debentures or similar instruments hence the question of creation of charge does not arise.

20. The Company has not raised any money by public issues during the year.

21. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the course of our audit.

G. Ganesh
Partner
Membership No: A211704

For and on behalf of
Sekhar & Co
Chartered Accountants

Place : Secunderabad
Date : 21.06.2007

BALANCE SHEET AS ON 31st MARCH, 2007

	Schedule No.	2006-2007 Rs.	2005-2006 Rs.
Sources of Funds			
a) Share capital	1	**113,022,000**	113,022,000
b) Reserves and Surplus	2	**708,926,682**	671,717,398
Share-Holders Funds		**821,948,682**	784,739,398
c) Loan Funds			
i) Secured loans	3	**70,524,415**	64,585,756
ii) Unsecured loans	4	**68,456,511**	67,492,850
Net Deferred Tax Liabilty/ (Asset)	14	**6,942,300**	6,637,600
TOTAL		**967,871,908**	923,455,604
Application of Funds			
Fixed Assets (At cost)			
a) Gross Block	5	**780,690,578**	730,469,236
b) Less Depreciation		**324,020,748**	296,646,445
c) Net Block		**456,669,830**	433,822,791
Capital Work-In-Progress including advances for capital assets		**45,154,000**	369,990
Investments (At cost)	6	**29,185,585**	132,223,415
Current Assets,Loans and advances			
a) Inventories	7	**39,806,569**	65,854,042
b) Sundry debtors	8	**94,811,568**	185,550,441
c) Cash & Bank Balances	9	**54,776,675**	119,205,657
d) Other Current Assets	10	**266,902,337**	25,000,000
e) Loans & Advances	11	**81,705,199**	50,493,785
		538,002,349	446,103,925
less Current Liabilities & Provision			
a) Liabilities	12	**74,433,835**	63,059,160
b) Provisions	13	**26,706,020**	26,005,357
		101,1393,855	89,064,517
Net Current Assets		**436,862,493**	357,039,408
Notes to Accounts and Significant Accounting Policies	20		
TOTAL		**967,871,908**	923,455,604

The Schedules referred to above form an integral part of the Balance Sheet

This is the Balance Sheet referred
to in our report of even date
SEKHAR & CO.,
Chartered Accountants

For and on behalf of Board of Directors

G. Ganesh
Partner
Membership No : A211704

G.M. Surana
Chairman

Narender Surana
Managing Director

Devendra Surana
Director

Place : Secunderabad
Date : 21.06.2007

Rajesh Jain
Company Secretary

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2007

	Schedule No.	**2006-2007 Rs.**	2005-2006 Rs.
Income			
Gross Sales	15	**868,903,094**	847,622,990
Less: Excise duty		**49,305,295**	106,475,564
Net Income from Operations		**819,597,799**	741,147,426
Other Income	16	**57,296,287**	42,160,558
		876,894,086	783,307,984
Expenditure			
Materials	17	**640,664,533**	532,836,091
Expenses	18	**102,007,339**	84,910,766
Interest & Financial Charges	19	**13,976,727**	8,024,428
Depreciation		**23,564,593**	22,179,193
		780,213,192	647,950,478
Profit for the year		**96,680,894**	135,357,506
Prior Period Adjustment		**38,719**	480,115
Profit before Taxation		**96,642,175**	134,877,391
Provision for Taxation			
i) Current year		**14,000,000**	10,000,000
ii) Deferred Tax		**304,700**	2,028,435
iii) Fringe Benefit Tax		**550,000**	470,000
Profit after Taxation		**81,787,475**	122,378,956
Balance B/F from Previous year		**219,386,851**	172,782,563
Amount Available for appropriation		**301,174,326**	295,161,519
Proposed Dividend		**22,604,400**	22,604,400
Additional Tax on Dividend		**3,841,620**	3,170,268
Transfer to General Reserve		**50,000,000**	50,000,000
Balance Carried to Balance Sheet		**224,728,306**	219,386,851
Notes to Accounts and Significant Accounting Policies	20		
Face value of the share		**5.00**	5.00
Earnings per share		**3.62**	5.41

The Schedules referred to above form an integral part of the Prfit & Loss Account

This is the Prfit & Loss Account referred
to in our report of even date
SEKHAR & CO.,
Chartered Accountants

For and on behalf of Board of Directors

G. Ganesh
Partner
Membership No : A211704

G.M. Surana
Chairman

Narender Surana
Managing Director

Devendra Surana
Director

Place : Secunderabad
Date : 21.06.2007

Rajesh Jain
Company Secretary

CASH FLOW STATEMENT FOR 2006-07

(Rupees in Lakhs)

		2006-2007		2005-2006
CASH FLOW FROM OPERATING ACTIVITIES				
Net profit before Tax and after interest as per profit and loss accounts		**96,680,894**		135,357,506
Adjustments for :				
Depreciation	**23,564,593**		22,179,193	
Lease amortisation	**405,513**		248,500	
Loss / (Profit) on Sale of Invetments	**603,377**		(7,278,622)	
Loss /(Profit) on Sale of Assets	**(53,472,506)**		–	
Interest expenditure	**13,976,727**		8,024,428	
Interest, Rent & Dividend income	**(80,824,569)**		(38,792,110)	
		(95,746,865)		(15,618,611)
Operating profit before Working Capital Changes		**934,029**		119,738,895
Changes in operating assets & Liabilities :				
Inventories	**26,047,473**		(2,914,554)	
Loans and Advances	**(29,841,545)**		47,919,051	
Other current Assets	**(241,902,337)**			
Receivables	**90,738,873**		27,725,649	
Trade Payables and other liabilities	**13,040,792**		(21,535,958)	
Advances from Customers	**(2,460,303)**	**(144,377,048)**	3,869,078	55,063,266
Cash generated from operations		**(143,443,019)**		174,802,161
Direct Taxes paid for Current year(including FBT)	**(17,204,067)**		(10,709,580)	
Direct Taxes paid for earlier year(refund)	**1,669,199**		–	
Prior period adjustment	**(38,719)**	**(15,573,588)**	(120,148)	(10,829,728)
NET CASH FROM OPERATING ACTIVITIES		**(159,016,607)**		163,972,433
CASHFLOW FROM INVESTING ACTIVITIES				
Dividend Received	**2,694,252**		13,182	
Lease Rent received	**36,309,178**		23,470,447	
Interest Received	**41,821,140**		15,308,481	
Sale of Fixed Assets	**111,746,706**		–	
Purchase of Fixed Assets	**(123,223,518)**		(26,761,459)	
Purchase of Investments	**(745,210,894)**		(1,417,742,808)	
Sale of Investments	**847,645,349**		1,293,780,403	
Capital work in progress	**(44,784,010)**		(369,990)	
Cash Flow From Investing Activities		**126,998,203**		(112,301,744)

CASH FLOW STATEMENT (Contd...)

(Rupees in Lakhs)

		2006-2007		2005-2006
CASH FLOW FROM FINANCING ACTIVITIES				
Increase in deferment of Sales Tax	**963,661**		1,951,681	
Dividend Paid including Dividend Tax	**(25,336,171)**		(25,354,313)	
Proceeds from borrowings	**5,938,659**		9,112,638	
Interest Paid on borrowings	**(13,976,727)**		(8,024,428)	
Cash Generated from Financial Activities		**(32,410,577)**		(22,314,422)
NET CASH GENERATED		**(64,428,981)**		29,356,268
Opening Cash and Cash Equivalent		**119,205,657**		89,849,389
Closing Cash and Cash Equivalent		**54,776,675**		119,205,657
Net Increase/(decrease) in Cash & Cash Equivalents		**(64,428,981)**		

NOTE:

1. The above cash flow statement has been prepared under the 'Indirect method' as set out in Accounting Standard-3 on Cash Flow Statement issued by the Institute of Chartered Accountants of India
2. Cash and Cash equivalents include balances with schedule Banks on Dividend Accounts -Rs.22.40Lakhs (Previous Year Rs.18.02 lakhs),Accrued interest on Fixed deposits with banks - Rs 6.01 lacs(previous year - Rs 9.19 lacs) and Rs.329.56 Lakhs(Previous Year Rs.886.33 Lacs) in Margin Money Accounts which are not available for use by the Company.
3. Sale of fixed assets of Rs. 1117.47lacs includes net sale proceeds of Hitech City Buildings aggregating to Rs. 1110.35 Lacs .
4. Notes to Accounts (Schedule 19) form an integral part of Cash Flow Statement.
5. Previous Year Figures have been regrouped wherever necessary to correlate to the current year's classification

This is the Cash Flow Statement referred
to in our report of even date
SEKHAR & CO.,
Chartered Accountants

For and on behalf of Board of Directors

G. Ganesh
Partner
Membership No : A211704

G.M. Surana
Chairman

Narender Surana
Managing Director

Devendra Surana
Director

Place : Secunderabad
Date : 21.06.2007

Rajesh Jain
Company Secretary

SCHEDULES TO THE BALANCE SHEET

SCHEDULE-1 : SHARE CAPITAL	2006-2007 Rs.	2005-2006 Rs.
AUTHORISED		
2,50,00,000 Equity shares of Rs. 5/- each.	**125,000,000**	125,000,000
2,50,000 Redeemable Preference shares of Rs.100/- each	**25,000,000**	25,000,000
	150,000,000	150,000,000
ISSUED, SUBSCRIBED AND PAID UP		
226,04,400 Equity shares of Rs. 5/- each fully paid.	**113,022,000**	113,022,000
	113,022,000	113,022,000

SCHEDULE : 2. RESERVES AND SURPLUS	2006-2007 Rs.	2005-2006 Rs.
i) **General Reserve**		
Balance as per last account	**250,000,000**	200,000,000
Add: Transferred from Profit & Loss Account	**50,000,000.00**	50,000,000
Balance at the period end	**300,000,000**	250,000,000
iii) Capital Redemption Reserve		
Balance as per last account	**15,000,000**	15,000,000
Balance at the year end	**15,000,000**	15,000,000
iv) Share Premium account		
Balance as per last account	**5,635,890**	5,635,890
Balance at the year end	**5,635,890**	5,635,890
v) Revaluation Reserve		
Balance at the beginning of the year	**178,194,657**	199,053,280
Adjusted against depreciation	**18,132,171**	20,858,623
Balance at the year end	**160,062,486**	178,194,657
vi) Central Subsidy	**3,500,000**	3,500,000
vii) Profit & Loss account		
Balance at the beginning of the year	**219,386,851**	172,782,563
Add : Current Year Profit transferrred (as per statement annexed)	**5,341,455**	46,604,288
	224,728,306	219,386,851
	708,926,682	671,717,398

SCHEDULE-3 : SECURED LOANS	2006-2007 Rs.	2005-2006 Rs.
From Banks		
Cash Credit	**70,524,415**	397,277
W C D L From SBI	–	50,384,521
Against Pledge of deposit receipt	–	13,803,958
	70,524,415	64,585,756

SCHEDULE-4 : UNSECURED LOANS	2006-2007 Rs.	2005-2006 Rs.
Deferred Sales Tax	**68,456,511**	67,492,850
	68,456,511	67,492,850
Due within a year	**2,563,605**	539,582

SCHEDULE-7 : INVENTORIES (As taken, valued and certified by the Management)	2006-2007 Rs.	2005-2006 Rs.
Raw Materials (At Cost)	**12,413,762**	23,663,280
Work in process (At cost or net realisable value whichever is lower)	**14,987,826**	17,697,529
Finished Goods (At cost or net realisable value whichever is lower)	**8,406,981**	24,493,233
Traded Goods	**3,998,000**	–
Total	**39,806,569**	65,854,042

SCHEDULE-8 : SUNDRY DEBTORS (Unsecured Considered Good)	2005-2006 Rs.	2004-2005 Rs.
a) Debts outstanding for		
i) More than six months	**37,899,552**	28,683,076
ii) Others	**56,912,016**	156,867,365
	94,811,568	185,550,441

SCHEDULE 5 - FIXED ASSETS

(Amount in Rupees)

		Gross Block					Depreciation				Net Block	
	Particulars	Rate of Depn	Cost as on 01.04.2006	Additions	Deletions	**Cost as on 31.03.2007**	Upto 01.04.2006	For the year	Deletions	**Upto 31.03.2007**	**As on 31.03.2007**	As on 31.03.2006
1	LAND FREE-HOLD	0.00	55,352,890	10,054,119	–	**65,407,009**	–	–	–	–	**65,407,009**	55,352,890
2	LEASED LAND	5.00	5,913,500	20,807,700	–	**26,721,200**	–	405,513	–	**405,513**	**26,315,687**	5,913,500
3	BUILDINGS	10.00	86,082,365	–	–	**86,082,365**	26,049,065	6,003,330	–	**32,052,395**	**54,029,970**	60,033,301
4	Buildings- Hitech City	5.00	135,820,350	–	71,790,350	**64,030,000**	19,591,810	5,331,800	13,994,720	**10,928,890**	**53,101,110**	117,369,100
5	PLANT AND MACHINERY	13.91	415,566,189	90,332,544	–	**505,898,733**	239,960,789	26,865,143	–	**266,825,932**	**239,072,801**	175,605,400
6	OFFICE EQUIPMENT	13.91	3,296,817	195,700	–	**3,492,517**	1,759,617	222,576	–	**1,982,193**	**1,510,324**	1,537,200
7	OFFICE EQUIPMENT -Leased out	13.91	15,300,000	–	–	**15,300,000**	532,100	2,054,215	–	**2,586,315**	**12,713,685**	14,767,900
8	FURNITURE AND FIXTURES	18.10	3,360,687	5,006	41,656	**3,324,037**	1,720,427	238,864	–	**1,959,291**	**1,364,746**	499,700
9	VEHICLES	25.89	7,238,438	1,535,524	1,170,170	**7,603,792**	5,074,338	687,944	733,255	**5,029,027**	**2,574,765**	2,164,100
10	COMPUTERS	40.00	2,538,000	292,925	–	**2,830,925**	1,958,300	292,891	–	**2,251,191**	**579,734**	579,700
	TOTAL		730,469,236	123,223,518	73,002,176	**780,690,578**	296,646,446	42,102,277	14,727,975	**324,020,748**	**456,669,830**	433,822,791
	PREVIOUS YEAR		705,199,036	26,761,459	1,491,259	**730,469,236**	253,608,629	43,037,816	–	**296,646,445**	**433,822,791**	451,590,408

6. INVESTMENTS (NON-TRADE, AT COST)

		2006-2007		2005-2006	
		Qty	**Cost**	Qty	Cost
Unquoted					
I)	**In Government Securities**				
	National Savings Certificates	**0**	**4,500**		4,500
	Total Investments in Government Securities		**4,500**		4,500
2)	**Investment in Shares**				
a)	**In companies under the same management**				
	Bhagyanagar India Limited (Equity Shares of Rs 2 each Fully paid-up)	**38,874**	**934,248**	9,004	194,462
	Innova Technologies Limited (Equity Shares of Rs 10 each Fully paid-up)	**1,000**	**10,000**	1,000	10,000
	Bhagyanagar Securities Private Limited (Equity Shares of Rs 10 each Fully paid-up)	**150,000**	**18,000,000**	-	-
	Sub-Total		**18,944,248**		204,462
b)	**In other companies**				
	Compulink Systems Limited (Equity Shares of Rs 10 each Fully paid-up)	**0**	**0**	640	36,072
	Divis Laboratories Limited (Equity Shares of Rs 10 each Fully paid-up)	**40**	**115,560**	-	-
	Dolphin Medical Services Limited (Equity Shares of Rs 10 each Fully paid-up)	**100,000**	**1,200,000**	200,000	2,400,000
	Dynamic Product Limited (Equity Shares of Rs 10 each Fully paid-up)	**0**	**0**	6,432	225,120
	FCS Software Solutions Limited (Equity Shares of Rs 10 each Fully paid-up)			200	87,650
	Ginni Filaments Limited (Equity Shares of Rs 10 each Fully paid-up)	**0**	**0**	47,712	1,049,664
	Gujarat Industrial Power Co (Equity Shares of Rs 10 each Fully paid-up)	**0**	**0**	200	13,810
	GVK Power Limited (Equity Shares of Rs 10 each Fully paid-up)	**0**	**0**	1,000	255,914
	Hyderabad Industries Limited (Equity Shares of Rs 10 each Fully paid-up)	**100**	**16,962**	-	-
	ING Vysya Bank (Equity Shares of Rs 10 each Fully paid-up)	**0**	**0**	840	131,552
	Indian Bank (Equity Shares of Rs 10 each Fully paid-up)	**13,960**	**1,270,360**	-	-
	Indswift Laboratories (Equity Shares of Rs 10 each Fully paid-up)	**100**	**14,700**	100	14,700
	Mahindra Gesco Developers (Equity Shares of Rs 10 each Fully paid-up)	**45**	**23,307**	-	-

6. INVESTMENTS (NON-TRADE, AT COST)

	2006-2007		2005-2006	
	Qty	**Cost**	Qty	Cost
MTNL (Equity Shares of Rs 10 each Fully paid-up)	**610**	**85,368**	-	-
BOC India Limited (Equity Shares of Rs 10 each Fully paid-up)	**200**	**45,510**	-	-
Prithvi Information Solutions Limited (Equity Shares of Rs 10 each Fully paid-up)	**6**	**1,620**	6	1,620
Raj Rayon Limited (Equity Shares of Rs 10 each Fully paid-up)	**0**	**0**	23,169	1,505,985
Royal Orchid (Equity Shares of Rs 10 each Fully paid-up)	**0**	**0**	200	44,682
Shyam Telecom Limited (Equity Shares of Rs 10 each Fully paid-up)	**1,000**	**105,063**	-	-
Sree Shakti Paper Mills Limited (Equity Shares of Rs 10 each Fully paid-up)	**15,949**	**478,470**	20,949	628,470
Talbros Automotive Components (Equity Shares of Rs 10 each Fully paid-up)	**2,107**	**214,914**	2,107	214,914
Visaka Industries Limited (Equity Shares of Rs 10 each Fully paid-up)	**100**	**9,201**	-	-
Visual Soft Technologies Limited (Equity Shares of Rs 10 each Fully paid-up)	**42,622**	**3,948,569**	-	-
VSNL (Equity Shares of Rs 10 each Fully paid-up)	**300**	**118,801**	-	-
The United Western Bank Ltd (Equity Shares of Rs 10 each Fully paid-up)	**0**	**0**	120	4,300
XL Telecom and Energy Limited (Equity Shares of Rs 10 each Fully paid-up)	**19,214**	**2,588,432**	-	-
Sub-Total		**10,236,837**		6,614,453
Total Investments in Equity Shares		**29,181,085**		6,818,915
3) Investments in Mutual Funds				
a) In Chola Mutual Fund- Liqiuid Institutional Dividend Re-Investment Plan	**0**	**0**	7403124	125,400,000
Total Investments in Mutual Funds		**0**	-	125,400,000
Total Investment in Govt Securities, Shares and Mutual Funds		**29,185,585**		132,223,415
Aggregate Market Value of Quoted Investments		**9,189,367**		5,593,992
Aggregate NAV of Mutual Funds		**0**		125,832,781

SCHEDULE-9 : CASH AND BANK BALANCES		2006-2007 Rs.	2005-2006 Rs.
a)	Cash and cheques in hand	**8,941,774**	2,415,750
b)	Balance with scheduled Banks		
	- In current account	**10,037,801**	25,436,075
	- In deposit account - Kept under lien with banks towards margin money and other facilities	**32,956,094**	89,433,346
	- Accrued interest on Fixed Deposits with Banks	**600,514**	918,536
	- Dividend Account	**2,240,492**	1,001,950

SCHEDULE-10 : OTHER CURRENT ASSETS (Unsecured Considered Good unless otherwise stated)	2006-2007 Rs.	2005-2006 Rs.
Loans against pledge of Securities	**266,902,337**	25,000,000
	266,902,337	25,000,000

SCHEDULE-11 : LOANS & ADVANCES (Unsecured Considered Good unless otherwise stated)		2006-2007 Rs.	2005-2006 Rs.
a)	Loans & Advances	**5,254,326**	5,548,463
b)	Advance for Capital Goods	**–**	7,930,144
c)	Balances with Customs, Port Trust, Central Excise, Sales tax etc.,	**10,836,118**	8,281,491
d)	Advance tax and TDS (net of provisions)	**5,471,930**	4,102,061
e)	Deposits	**20,370,252**	5,182,835
f)	Advances to Suppliers	**39,772,574**	19,448,791
		81,705,199	50,493,785

SCHEDULE-12 : CURRENT LIABILITIES		2006-2007 Rs.	2005-2006 Rs.
a)	Sundry Creditors	**15,881,039**	24,858,685
b)	Lease deposits	**41,172,920**	10,959,464
c)	Other Liabilities	**5,138,555**	12,977,884
d)	Unclaimed Dividends	**2,240,492**	1,801,995
e)	Advances from customers	**10,000,829**	12,461,132
		74,433,835	63,059,160

SCHEDULE-13: PROVISION	2006-2007 Rs.	2005-2006 Rs.
Proposed Dividend	**22,604,400**	22,604,400
Additional Tax on Dividend	**3,841,620**	3,170,268
Bonus	**260,000**	230,689
	26,706,020	26,005,357

SCHEDULE-14 : DEFERRED TAX LIABILITIES (NET)	2006-2007 Rs.	2005-2006 Rs.
a) Deferred Tax Liability as at 1-04-06	**6,637,600**	4,609,165
b) Deferred Tax Liability for the year	**304,700**	2,028,435
Net deferred tax Liability	**6,942,300**	6,637,600

SCHEDULES TO THE PROFIT & LOSS ACCOUNT

SCHEDULE-15 : INCOME FROM OPERATIONS	2006-2007 Rs.	2005-2006 Rs.
Jelly Filled Telephone Cables	**273,743,688**	516,072,542
Jointing Kits	**38,729,119**	16,774,073
CDMA Phones	**131,525,698**	84,224,221
Income from Infrastructure leasing (Gross)	**36,309,178**	23,470,447
Gain on sale of Infrastructural Assets(see note 1(b)	**53,239,420**	–
Electric Power Cable	**7,706,796**	–
Optical Fibre	**61,734,529**	103,673,955
Export Sales	–	700,628
Software exports	–	25,706,304
Sale of Wind Power	**1,572**	–
Scrap & Misc Sales	**9,678,730**	18,084,024
Traded Goods	**287,257,831**	58,916,796
	899,926,561	847,622,990
Less: Inter-Unit Sales	**31,023,467**	–
Gross Sales	**868,903,094**	847,622,990
Less: Excise Duty	**49,305,295**	106,475,564
Net Sales	**819,597,799**	741,147,426

SCHEDULE-16 : OTHER INCOME	2006-2007 Rs.	2005-2006 Rs.
a) Interest on Loans, Deposits & others (Gross)	**41,821,139**	15,308,481
b) Commission on consignment Sales	**4,352,343**	–
c) Profit on sale of Fixed Assets	**233,086**	–
d) Profit on sale of Investments	–	7,278,622
e) AMC Charges - CDMA	**4,300,849**	–
f) Dividend	**2,694,252**	13,182
g) Gain on foreign Exchange Fluctuation	–	4,940,071
h) provisions no longer payable written back	**2,322,505**	9,632,780
i) Amounts earlier w/o received now	**1,065,163**	–
j) Miscellaneous Income	**506,950**	4,987,422
	57,296,287	42,160,558

SCHEDULE-17 : MATERIALS	2006-2007 Rs.	2005-2006 Rs.
A. RAW MATERIALS CONSUMED		
a) Opening Stock		
Raw Materials	**23,663,280**	43,593,770
b) Purchases (net of Modvat)	**367,474,511**	485,631,765
	391,137,791	529,225,535
d) Less Closing Stock		
Raw Materials	**12,413,762**	23,663,280
	12,413,762	23,663,280
Less: Inter-Unit Purchases	**31,023,467**	–
Raw materials consumed (A)	**347,700,562**	505,562,255
Purchases - Traded Goods(net of modvat) (B)	**278,166,016**	50,482,390
B. INCREASE/ DECREASE IN STOCK		
a) Opening Stock		
Work in Progress	**17,697,529**	13,646,238
Finished Goods	**24,493,233**	5,335,970
Traded Goods	**–**	–
	42,190,762	18,982,208
b) Less Closing Stock		
Work in Progress	**14,987,826**	17,697,529
Finished Goods	**8,406,981**	24,493,233
Traded Goods	**3,998,000**	–
	27,392,807	42,190,762
(C)	**14,797,955**	(23,208,554)
TOTAL (A) + (B) + (C)	**640,664,533**	532,836,091

SCHEDULE-18 : EXPENSES	2006-2007 Rs.	2005-2006 Rs.
Salary, Wages & Allowances	**11,195,996**	12,015,884
Contribution to PF and other funds	**912,499**	945,392
Welfare expenses	**1,047,734**	490,939
Gratuity	**–**	153,000
Proc.& Con.Charges	**857,811**	1,428,114
Stores Consumed	**2,665,307**	3,024,094
Dies Consumed	**25,178**	–
Power & Fuel	**11,159,319**	16,199,951
Water Charges	**13,004**	11,398
Packing & Forwarding	**12,004,763**	6,791,909
Watch & Ward	**984,516**	938,825
Printing & Stationery	**1,409,716**	964,232
Post.Tel.& Telephone	**2,104,866**	2,005,324
Insurance	**825,665**	546,907
Lease and other Rents	**6,743,707**	806,949
vi) Legal & Licence fees	**265,102**	415,991
Rates & Taxes	**1,574,759**	3,447,177
Repairs to		
i) Building	**691,344**	278,821
ii) Machinery	**2,822,961**	3,828,402
iii) CDMA Phones	**2,733,373**	780,229
iv) Others	**1,502,590**	892,522
Remuneration to Directors	**2,984,697**	4,361,566
Auditors remuneration		
i) Audit fees	**78,652**	56,120
ii) Tax audit fees	**33,708**	33,672
iii) Others	**–**	–
Other Administrative expenses	**279,079**	387,788
Commission on Sales	**2,606,046**	1,248,911
Testing Charges	**828,318**	231,598
AMC charges	**599,673**	–
Advertisement	**574,057**	1,037,006
Professional Charges	**699,730**	922,352
Foreign Exchange Fluctuation loss	**1,174,000**	–
Vehicles mntce. & Fuel	**776,239**	1,121,035
Travelling & Conveyance	**4,343,133**	2,595,429
Sitting fees	**48,000**	58,500
Sundry Balances Written off	**1,864,206**	6,490,418
Lease Premium amortised	**405,513**	248,500
Loss On sale of Investments	**603,377**	–
Service Tax	969,275	363,275
Sales Tax (Net)	**20,212,873**	7,171,422
Software development expenses	**–**	1,600,000
Entry Tax	**62,393**	56,649
Other Expenses	**1,324,160**	960,465
TOTAL	**102,007,339**	84,910,766

SCHEDULE-19 : INTEREST AND FINANCIAL CHARGES		2006-2007 Rs.	2005-2006 Rs.
a)	Interest on Cash Credit & others	**2,434,561**	1,101,114
c)	Interest on Term Loan	**6,695,052**	1,235,874
d)	Financial Charges	**4,847,114**	5,687,440
		13,976,727	8,024,428

SCHEDULE-20

Significant Accounting Policies and Notes on Accounts Forming Part of Balance Sheet and Profit & Loss Account

20 (A) SIGNIFICANT ACCOUNTING POLICIES

i. Basis of Preparation of Financial Statements

The financial statements are prepared under the Historical cost convention with the generally accepted accounting principles in India and the provisions of the Companies Act, 1956.

ii. Use of Estimates

The Preparation of Financial Statements requires estimates and assumptions to be made that effect the reported amount of assts and liabilities on the date of financial statements and reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

iii. Own Fixed Assets

Fixed Assets are stated at cost net of modvat / cenvat / value added tax , less accumulated depreciation and impairment loss, if any. Any costs, including financing costs till commencement of commercial production, net charges on foreign exchange contracts and adjustments arising from exchange rate variations to the fixed assets are capitalized.

iv. Leased Assets

Premium Paid on Leased Assets is amortized over the lease period and the annual lease rentals are charged to Profit and Loss Account in the year it accrues.

v. Depreciation

Depreciation is provided on written down value method, except for Wind Power Plant for which Straight Line Method is followed, at the rate and in the manner prescribed in Schedule XIV to the Companies Act, 1956.

vi. Impairment of Assets

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the Profit and Loss account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

vii. Investments

Current investments are carried at the lower of cost and quoted / fair value, computed category wise. Long Term Investments are stated at cost. Provision for diminution in the value of long-term investments is made only if such decline is other than temporary in the opinion of the management.

viii. Inventories

Items of Inventories are measured at lower of cost or net realizable value, after providing for obsolescence, if any. Cost of inventories comprises of all cost of purchase including duties and taxes other than credits under CENVAT and is arrived on First in First out basis. Semi Finished goods are valued at cost or net realizable value whichever is lower. Finished goods are valued at cost including excise duty payable or Net realizable value whichever is lower. Cost includes Direct Material, labour cost and appropriate overheads.

ix. Foreign Currency Transactions

Transactions in foreign currency are recorded at the exchange rate, prevailing on the date of transaction or at the exchange rates under the related forward exchange contracts. Profit/Loss on outstanding Foreign Currency contracts have been accounted for at the exchange rates, prevailing at the year end rates as per FEDAI/ RBI.

x. Employee Retirement / Terminal Benefits

The employees of the company are covered under Group Gratuity Scheme of Life Insurance Corporation of India. The premium paid thereon is charged to Profit and Loss Account. Leave Encashment liability is provided on the basis of best management estimates on actual entitlement of eligible employees at the end of the year.

xi. Provision, Continent Liabilities and Contingent Assets :

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past event and it is probable that there will be an outflow of resources. Contingent Liabilities which are not recognized are disclosed in notes. Contingent Assets are neither recognized nor disclosed in Statements.

xii. Turnover

Turnover includes sale of goods, services, sales tax, excise duty, service tax and adjusted for discounts (net). Inter-Unit sales if any are excluded in the Main Profit and Loss account.

xiii. Revenue Recognition in Case of Real Estate / Infrastructure Transactions

Revenue in case of Real Estate transactions is made on the basis of concluded on contracts for sales, purchases and other services. In case of Infrastructure activities it is based on completed services on accrual basis as per the terms of contract.

xiv. Segment Reporting

Company's operating Businesses, organized & Managed unit wise, according to the nature of the products and services provided, are recognized in segments representing one or more strategic business units, that offer products or services of different nature and to different Markets.

Company's Operations could not be analyzed under geographical segments in considering the guiding factors as per Accounting Standard-17 (AS-17) issued by the Institute of Chartered Accountants of India.

xv. Provision for Taxation

Provision is made for Income Tax, estimated to arise on the results for the year, at the current rate of tax, in accordance with the Income Tax Act, 1961. Taxation deferred as a result of timing difference, between the accounting & taxable profits, is accounted for on the liability method, at the current rate of tax, to the extent that the timing differences are expected to crystallize. Deferred tax asset is recognized only to the extent there is reasonable certainty of realization in future. Deferred tax assets are reviewed, as at each Balance Sheet date to re-assess realization.

xvi. Excise and Customs Duty

Excise and Customs Duty are accounted on accrual basis. CENVAT credit is accounted by crediting the amount to cost of purchases on receipt of goods and is utilized on dispatch of material by debiting excise duty account.

xvii. Prior Period Expenses / Income :

Prior period items, if material are separately disclosed in Profit & Loss Account together with the nature and amount. Extraordinary items & changes in Accounting Policies having material impact on the financial affairs of the company are disclosed.

xviii. Sundry Debtors, Loans and Advances

Doubtful Debts/Advances are written off in the year in which those are considered to be irrecoverable.

xix. Earnings per Share

The Company reports basic and diluted earnings per share in accordance with Accounting Standard-20 (AS-20) issued by the Institute of Chartered Accountants of India. Basic earnings per share are computed by dividing the net Profit or Loss for the year by the Weighted Average number of equity share outstanding during the year. Diluted earnings per share is computed by dividing the net profit or loss for the year by weighted average number of equity shares outstanding during the year as adjusted for the effects of all dilutive potential equity shares, except where the results are anti-dilutive.

20 (B) NOTES ON ACCOUNTS

1. Sales

a) Sales and purchases include inter unit transfer of Rs. 3,10,23,467/-(previous year Rs.Nill)

b) Sale of Fixed Assets includes Profit on sale of infrastructural assets (Hitech city Buildings) For Rs 532.39 Lakhs.

2. Contingent Liabilities.

Estimated amount of contingent Liability and claims against the Company, not acknowledged as debts and not provided are as follows:

		2006-2007 (Rupees in Lakhs)	**2005-2006** (Rupees in Lakhs)
i)	Unexpired Letters of Credit	**41.28**	1042.07
ii)	Counter Guarantees given to the bankers (Including for differential customs duty)	**1861.13**	2541.48
iii)	Sales tax matters under appeal	**57.00**	55.50
iv)	Excise matter under appeal	**280.66**	–
v)	Income tax matters under appeal	**13.70**	–
vii)	Estimated amount of liability on account of Capital Commitments	**–**	129.62

Note: The Income tax authorities have raised a demand u/s 143(3) for the A.Y 2004-05 for Rs. 13.70 lacs. The company has appealed against the demand and the management is confident that the final outcome of the dispute should be in favour of the company and there should not be any material impact on the financial statements.

3. Deferred Sales Tax

During the year the Company repaid a sum of Rs. 7,59,006/- and availed a sum of Rs.17,22,667/- towards deferred sales tax leaving a balance of Rs. 6,84,56,511/-(previous year Rs. 6,74,92,850/-) at the end of the year. The deferred sales tax is debited to Sales Tax Account in the Profit and Loss Account.

4. Prior Period Adjustment includes:

	2006-07		2005-06	
	Debit	**Credit**	Debit	Credit
Bonus	**0.36**	-	-	-
Credit notes t/w purchase of raw materials	-	-	-	9.08
Taxes of earlier years	-	-	0.27	-
Reversal of expenses booked in earlier years	-	-	-	0.81
Stores purchased	-	-	1.00	-
Commission of earlier years	-	-	0.99	-
Lease premium on land amortized	-	-	12.43	-
Interest on APSEB Deposit of previous year	-	**0.87**	-	-
Prepaid expenses of previous years reversed	**0.89**	-	-	-
Total	**1.25**	**0.87**	14.69	9.89
Net debit / (credit)	**0.38**	-	-	4.80

5. **Related Party Disclosures**

In accordance with Accounting standard - 18 ' Related Party Disclosure', issued by the Institute of Chartered Accountants of India.

Related Parties

1.1 Entities in which Directors are interested:

- Andhra Electro Galvanizing works (Partnership firm)
- Bhagyanagar India Limited
- Bhagyanagar Infrastructure Limited
- Bhagyanagar Properties Limited
- Scientia Infocom Limited
- Bhagyanagar Telecom Limited
- Bhagyanagar Metals Limited
- Bhagyanagar Energy & Telecom Limited
- Surana Infocom Limited
- Every Time Food Industries Private Limited
- Surana Sportex Private Limited
- Surana Techno park Private Limited
- Value Infrastructure and Properties Private Limited
- Innova Technologies Limited
- Bhagyanagar Entertainment Limited
- Advantage Real Estate Private Limited
- Tranquil Avenues India Private Limited
- Royal Skyscrapers India Private Limited
- Blossom Residency Private Limited
- Celestial Avenues Private Limited
- Innova Infrastructure Private Limited
- Majestic Logistics Private Limited
- Innova Biotech India Private Limited
- Epicentre Entertainment Limited
- Bhagyanagar Securities Private Limited

1.2 Key Managerial Personnel

i)	Sri G.M. Surana	Chairman
ii)	Sri Narender Surana	Managing Director
iii)	Sri Devendra Surana	Director

1.3 For cash credit from banks Shri Narender Surana and Shri Devendra Surana, being the Managing Director and Director respectively, give personal guarantee.

1.4 Relatives of Key Managerial Personnel -

Ms. Sunita Surana and Ms Vinita Surana

2. Related Party Transactions

Rupees in Lakhs

Particulars	**2006-07**	2005-06
Sales		
Sales to Bhagyanagar India Limited	**2899.10**	574.06
Purchases		
Purchase from Bhagyanagar India Limited	**4.44**	214.23
Job Work		
Job work from Bhagyanagar India Limited	**8.18**	9.66
Purchase of Preforms from Bhagyanagar Energy and Telecom Limited	**9.00**	–
Advance for purchase of performs from Bhagyanagar Energy and Telecom Limited	**219.17**	–
Investment in Bhagyanagar Securities Private limited (1,50,000 shares of Rs 10 each)	**180.00**	–
Remuneration to key Managerial Personnel		
Sri Narender Surana	**22.37**	25.33
Sri S Balasubramanian	**2.85**	2.35
Commission to Managing Director	**4.63**	12.94
Commission to key Managerial Personnel		
Sri G.M. Surana	–	1.50
Sri O Swaminatha Reddy	–	0.50
Sri R Surender Reddy	–	0.50
Sri S R Vijayakar	–	0.50
Remuneration to relatives of Key Managerial personnel		
Ms. Sunita Surana	**3.00**	2.52
Ms. Vinita Surana	**2.40**	2.04

6. Deferred Taxes

The Company has adopted the Accounting Standard 22 ' Accounting for Taxes on Income' issued by the Institute of Chartered Accountants of India from the financial Year 2001-2002. The deferred tax liability of Current Financial Year Rs. 3.05 Lakhs has been debited to Profit & Loss account and total deferred tax liability of Rs. 69.42 Lakhs has been disclosed in the Balance Sheet.

The Break up particulars of Deferred Tax in major components.:

Sl. No.	Particulars	Deferred Tax Asset/ Liability (Rupees in Lakhs)	
		31.03.2007	31.03.2006
1	Opening Deferred Tax Liability At the beginning of the year	**66.37**	46.09
2	ADD/(LESS) Timing difference due to Forward/(Reversal) of depreciation	**3.05**	20.28
	Net Deferred Tax Liability as on the Date of Balance Sheet	**69.42**	66.37

7. **Loans / Advances from Banks**

The Company has availed various limits from the bankers from time to time. The Loans are secured by a charge on certain assets of the Company and also guaranteed by certain Directors of the Company.

8. **Earnings per share**

Particulars	**2006-07** in Rs.	2005-06 in Rs.
Net Profit attributable to Share Holders-Profit after tax in Rupees	**8,17,87,475**	122,378,956
No. of Shares outstanding at the end of the year	**22604400**	22604400
Basic & Diluted Earning per share	**3.62**	5.41
Nominal Value per share	**5.00**	5.00

Earnings per share is calculated in accordance to Accounting Standard 20 issued by ICAI, by Dividing the net profit for the period attributable to shareholders by the weighted average number of shares outstanding during the period.

9. **Depreciation on Revalued Assets.**

The company created a revaluation reserve for an amount of Rs. 19,90,53,280 /- in the financial year 2004-05.

The excess depreciation on account of revaluation of assets amounting to Rs. 1,81,32,171/-for the current year has been withdrawn from the said reserve and credited to depreciation account. In effect there is no impact on account of above revaluation on the Book Profits.

	Amount in Rs.
Depreciation for the year as per Schedule V - Fixed Assets annexed to financial Statements (Excluding amortization of Lease Premium on land)	41,696,764
Less: Withdrawn from Revaluation Reserve	18,132,171
Depreciation as per Profit and Loss Account	23,564,593

10. **Amortisation of Leasehold Charges**

The Lease Premium paid on Leased land at Goa is shown as deduction against the said account.

11. **Assets - Impairment.**

The management of the Company has reviewed the assets keeping in view the Accounting Standard 28 issued by the Institute of Chartered Accountants of India and is of the view that there is no impairment in the value of assets in accordance to that standard.

12. **Provisions and Contingent Liabilities**

There are no Contingent Liabilities and Provisions that need to be recognized in the Financial Statements. No Contingent Assets are recognized in the financial statements.

13. **Provisions for Income Tax**

Income Tax Provision is made on the basis of estimated liability in accordance to the provisions of Income Tax Act 1961.

14. New Project investments:

Infrastructural activities taken up by the company during the year:

1. The Company is planning to set up an IT complex with a built up area of about 1,00,000 sq ft in Rajiv Gandhi IT Habitat, situated at Taleigao village, Tiswadi, North Goa, Donapaula, Goa. For this the company has executed a lease agreement with Info Tech Corporation of Goa Ltd., a Government company for acquisition of 4096 sq mt. Of land at Rajiv Gandhi IT Habitat. The agreement has been entered for a period of 30 years with a consideration of Rs. 1.88 crore.

2. The company has acquired 50 acres of land in Sri City multi product SEZ, at TADA near Chennai on Lease from Satyavedu reserve Infracity Pvt. Ltd., which has received an in principal approval from Ministry of Commerce & Industry, Govt of India.

3. The Company has been allotted a plot of land admeasuring 20,000 sq mts., at Plot no. 11/1, Rajiv Gandhi Infotech Park at Hinjavadi, Pune on lease for 95 years by maharastra Industrial Development Corporation for a premium of Rs. 4 crores.

4. The company has been allotted a plot of land admeasuring 2.5 acres at plot no. 9, G- Block , Industrial Park, Vishakhapatnam, by APIIC at a cost of Rs. 91.05 Lakhs.

15. Wind power projects:

During the year, the company has commenced Wind Power generation with operational tie-up with Suzlon Energy Limited with an investment of Rs 6.3 crores. Installed capacity of the wind turbine is 1.25 MW. The company has entered into Power Purchase Agreement with Gulbarga Electricity Supply Company for supply of power for a period of 20 years. The wind turbine has been commissioned on 30.3.2007 and has started generation of electricity. For this particular Unit, the company has provided Depreciation under Straight Line Method as per the rates prescribed in Schedule XIV of the Companies' Act, 1956.

16. Balances in Sundry Debtors, Loans, and Advances & Sundry Creditors

In case of balances in Sundry Debtors, Loans and Advances and Sundry Creditors, letter-seeking confirmation of year-end balances are sent to the concerned parties. The Balances are subject to confirmation and reconciliation.

17. Dues to Small Scale Industries

The Company does not owe any sum to any small scale industrial undertaking individually outstanding for more than 30 days as per information and records available with the Company about their industrial status.

18. Additional information pursuant to provision of paragraph 3,4C and 4D of Part VI of the Companies Act 1956.

A) Capacity and Production:

		Licensed Capacity		Installed Capacity		Production	
Particulars	Unit	**2006-07**	2005-06	**2006-07**	2005-06	**2006-07**	2005-06
Jointing kits in Lakhs of units	Nos	**6.34**	6.34	**4.9**	4.9	**1.281**	0.76
Jelly Filled Telephone Cables	LCKM	**26.75**	26.75	**26.75**	26.75	**1.7719**	6.568
Optical Fibre Cable	RKM	**6000**	6000	**6000**	6000	**100.152**	2784.228
Optical Fibre*	FKM	**250000**	250000	**250000**	250000	**1866.892**	960.403

B) Turnover:

Particulars	Units	Quantity 2006-07	Quantity 2005-06	Value (Rs.in lakhs) 2006-07	Value (Rs.in lakhs) 2005-06
Jointing Kits	No's	**128133**	73704	**387.29**	167.74
Jelley Filled Telephone Cables	LcKm	**2.0861**	6.25	**2737.44**	5160.73
Optical Fibre Cable	RKm	**1910.702**	2773.48	**616.59**	1027.86
Optical Fibre (OF)	FKm	**94.475**	334.07	**0.75**	15.88
Power Cable	Km	**87.959**	-	**77.07**	-
CDMA Phones	Nos	**37500**	32644	**1315.26**	842.24
Copper Wire Rod (Traded)	Kgs	**618780.30**	-	**2601.55**	176.76
Scrap Sale & others	Kgs	**74118.50**	-	**335.85**	180.84
Transmission Towers	Nos	**54794**		**28.50**	-
Other Traded Sales	NA	-		**3.47**	412.41
Software Exports					257.06
Wind Power sale				**0.015**	
Infrastructure Leasing				**363.09**	234.70
Infrasturcture sales				**532.39**	
Total (for Value only)				**8,999.26**	8,476.22

C) Purchases of Traded Goods

Particulars	Units	Quantity 2006-07	Quantity 2005-06	Value (Rs.in lakhs) 2006-07	Value (Rs.in lakhs) 2005-06
PCopper Metalic Scrap	Kgs	**129479**	148871	**479.16**	392.82
Copper Rod	Kgs	**561968**	-	**2275.02**	-
Pannel Television	Nos	-	67	-	112.00
Others				**27.48**	-
Total (for Value only)				**2781.66**	504.82

D) Opening and Closing Stocks of Finished Goods

	Opening Stock				Closing Stock			
	Quantity (Lac Nos)		Value (Rs.in lakhs)		Quantity (Lac Nos)		Value (Rs.in lakhs)	
Particulars	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06
Jointing Kits	-	-	-	-	**3.03**	-	**28.78**	-
Jelley Filled Telephone Cables	**0.32**	0.0012	**189.71**	0.97	**0.0012**	0.32	**1.62**	189.71
CDMA Phones				9.81			**21.29**	
Optical Fibre Cable (kms)	**135.45**	124.702	**35.35**	34.57	**91.61**	135.45	**23.18**	35.35
LCD Monitors/ Pannel Television	**30.00**	31	**19.87**	6.51	-	30.00	-	19.87
DVD Players		100	-	1.50	-	-	-	-
Power cable(kms)	-	-	-	-	**12.193**	-	**9.19**	-
Total			**244.93**	53.36			**84.06**	244.93

E) Raw material consumed

Particulars	Units	Quantity 2006-07	Quantity 2005-06	Value (Rs.in lakhs) 2006-07	Value (Rs.in lakhs) 2005-06
Copper	Kgs	**267978**	1122952	**862.46**	1689.80
Polythene Granules	Kgs	**784965**	3818005	**479.52**	1472.36
Alluminium foils	Kgs	**120217**	241565	**168.80**	315.98
G S Tape	Nos	**66110**	455008	**29.16**	161.25
Optical Fibre	Kms	**46195**	626.333	**112.46**	-
Resin Synthetic	Kgs	**14500**	120936	**35.54**	145.95
CDMA Phone R.M	Nos	**37500**	20851	**1122.91**	-
Others			-	**590.78**	629.07
Alluminium Wire rod			51773	**75.38**	641.21
Total(forValue only)				**3477.01**	5055.62

F) Value of Imported & Indegenous Raw Material and Components Consumed

Particulars	2006-07 Value Rupees in Lakhs	2006-07 Percentage	2005-06 Value Rupees in Lakhs	2005-06 Percentage
Imported	**2486.02**	**71.5%**	2341.60	46.32%
Indigenous	**990.99**	**28.5%**	2714.02	53.68%

G) TRANSACTIONS IN FOREIGN EXCHANGE

Particulars	Value (Rupees in Lakhs) 2006-2007	Value (Rupees in Lakhs) 2005-2006
I) Imports (on CIF Basis)		
a) Raw Material	**1496.06**	2343.75
b) Traded Goods	**989.96**	1.12
c) Capital Goods	-	
II) Expenditure in foreign		
Currency (Travelling)	**17.64**	1.05

19. MANAGERIAL REMUNERATION

Commission payable to the Managing Director and other Directors u/s 198 & 349 of the companies Act, 1956.

			2006-07 Rs. In Lakhs		2005-06 Rs. In Lakhs	
1.	Profit as per Profit and Loss A/c			**96,680,894**		1353,57,506
2.	Less: a)	Loss on sale of Investments (NET)	**(603,377)**		72,78,622	
	b)	Unrealized gain on Forex fluctuation	-			
	b)	Profit on sale of Assets	**53,472,506**			
	c)	Sundry Balances written off / back (Net)	**458,299**	**53,327,428**	31,42,361	1,04,20,983
				43,354,466		124936523
3.	Add: Director's Remuneration					
	Director's Remuneration		**2,521,527**		28,26,500	
	Managing Director's Commission		**463,394**		12,93,566	
	Other Directors Commisssion		-	**2,984,921**	3,00,000	44,20,066
4.	Net Profit for the purpose of Director's Remunerations			**46,339,387**		129356,589
5.	Commission payable to Directors at 1% of the profit as computed above Narender Surana			**463,394**		12,93,566
Other Directors						
a)	Salary & Allowances					2,05,280
b)	Conribution to PF and Other Funds					9,360
c)	Commission					3,00,000

20. Segmental Reporting

In accordance with the Accounting Standard 17- "Segment Reporting" issued by the Institute of Chartered Accountants of India.

Rupees in Lakhs

S.No.	Particulars	Telecom Products	Infrastructure	Power	Trading	Total
1	Revenue	4738.12	895.49	0.02	2872.58	8506.21
	External Sales (net of excise)					
	Inter Unit Sales	310.23				310.23
	Total Revenue	4427.89	895.49	0.02	2872.58	8195.98
	Results Segment Results	119.98	749.33	(0.09)	60.11	929.33
	Un allocable (Income) /					(176.86)
	Expenses					1106.19
	Operating ProfitInterest					139.76
	ExpensesIncome Taxes					143.05
	Fringe Benefit Tax Profit from					5.50
	Ordinary Activities					817.88
	Net Profit					817.88
	Other Information					
	Segment Assets	5173.01	1421.36	650.41	-	7244.78
	Un allocable Assets					3445.33
	Total Assets	5173.01	1421.36	650.41	-	10690.11
	Segment Liabilities	984.58	436.73	30.87	-	1452.18
	Un-allocable Liabilities					333.88
		984.58	436.73	30.87	-	1786.06
	Total Capital Expenditure	835.47	197.81	650.50	-	1683.78
	Un-allocable Capital Expenditure					
	Total Capital Expenditure	835.47	197.81	650.50	-	1683.78
	Depreciation	344.02	76.91	0.09	-	421.02
	Non-Cash Expenses other than depreciation	18.64	-	-	-	18.64
	Un-allocable Non Cash Expenses	Nil	- Nil	-	Nil	- Nil

Reconciliation of reportable segments with financial statements (Rs in Lacs):

Particulars	Revenues		Results/Net Profit		Assets		Liabilities	
	2006-07	2005-06	2006-07	2005-06	**2006-07**	2005-06	2006-07	2005-06
Total of reportable segments	**8506.21**	7411.47	**929.33**	811.74	**7244.78**	7645.43	**1452.18**	1884.38
Corporate - unallocable (net)	**572.96**	421.61	**176.86**	617.28	**3445.33**	2479.77	**333.88**	393.43
Inter-unit adjustments	**310.23**	–	–	–	–	–	–	–
Interest expenses	–	–	**139.76**	80.24	–	–	–	–
Taxes	–	–	**148.55**	124.99	–	–	–	–
As per financial statements	**8768.94**	7833.08	**817.88**	1223.79	**10690.11**	10125.20	**1786.06**	2277.81

21. Previous years figures have been regrouped and recast wherever necessary to make them comparable with current years figures

This is the Notes referred
to in our report of even date
SEKHAR & CO.,
Chartered Accountants

For and on behalf of Board of Directors

G. Ganesh
Partner
Membership No : A211704

G.M. Surana
Chairman

Narender Surana
Managing Director

Devendra Surana
Director

Place : Secunderabad
Date : 21.06.2007

Rajesh Jain
Company Secretary

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

(as required under part IV of the amended Schedule VI of the Companies Act 1956.)

I.	**Registration Details**			
	a) Company Identification No.(CIN)	L23209AP1989PLC010336		
	b) State Code No.	01		
	c) Balance Sheet Date	31	03	2007
		(Date)	(Month)	(Year)
II.	**Capital Raised during the year (Rs. in Thousands)**			
	a) Public Issue		Nil	
	b) Rights Issue		Nil	
	c) Bonus Issue		Nil	
	d) Private Placement (Preferential Issue)		Nil	
III.	**Position of Mobilisation and Deployment of Funds (Rs. in Thousands)**			31-03-07
	a) Total Liabilities			967,871.91
	b) Total Assets			967,871.91
	c) Sources of Funds			
	i) Paid up Capital		113,022.00	
	ii) Reserves & Surplus		708926.68	
	iii) Secured Loans		70524.41	
	iv) Unsecured Loans		68456.51	
	v) Deferred Tax		6942.30	967871.91
	d) Application of Funds			
	i) Net Fixed Assets		501823.83	
	ii) Investments		29185.59	
	iii) Net Current Assets		436862.49	967871.91
IV.	**Performance of Company (Rs. is Thousands)**			
	i) Turnover			819597.80
	ii) Total Expenditure			780213.19
	iii) Profit for the year			96680.89
	iv) Profit Before Tax			96642.17
	v) Profit After Tax			81787.47
	vi) Face Value per share (Rs.)			5.00
	vii) Earnings per share (Rs.)			3.62
	viii) Dividend (%)			20.00

V. Generic names of three Principal Products of Company

Item Code No. (ITC Code)	Name
8547.09	Jointing Kits
8544.90	Jelly Filled Telecommunication Cable
8544.90	Fibre
8544.91	Optic Cables
8544.00	Power Cables

for and on behalf of the Board

G.M. Surana	**Narender Surana**	**Devendra Surana**
Chairman	Managing Director	Director

Place : Secunderabad
Date : 27th July, 2007

Rajesh Jain
Company Secretary

ELECTRONIC CLEARING SERVICE (CREDIT CLEARING) MANDATE FORM

To,
KARVY COMPUTERSHARE PVT. LTD.
Unit : Surana Telecom Limited.
Plot No. 17-24, Vitalrao Nagar, Madhapur,
Hyderabad - 500 081
Phone: 040-23420816/824, Fax: 040-23420814

Shareholder's authorisation to receive dividends through Electronic Credit Clearing Mechanism.

Registered Folio No. :	ECS Ref. No. : (for Office use only)
Name of the first/sole shareholder	
Bank Name	
Branch Address & Telephone No. of Branch	
Bank Account Number (As appearing on the Cheque Books)	
9 digit code number of the Bank and Branch appearing on the MICR cheque issued by the Bank. (Please attach a blank cancelled cheque, or a photocopy of a cheque issued to you by your Bank, for verification of the above particulars)	
Account Type (Please tick the option)	❑ Savings ❑ Current ❑ Cash Credit
Bank Account Ledger Folio No. (If any)	
Effective date of this mandate	

I hereby, declare that the particulars given above are correct and complete. If the payment transaction is delayed or not effected at all for any reasons, including but not limited to incomplete or incorrect information, I will not hold M/s. Surana Telecom Limited responsible. I agree to discharge the responsibility expected of me as a participant under the scheme.

I, further undertake to inform the Company of any subsequent change(s) in the above particulars.

Place : .....
Date : .....

Signature of First Holder

Note:
1. Please fill in the information in CAPITAL LETTERS in ENGLISH ONLY.
2. In case of shareholders holding the equity shares in demat form, the shareholders are requested to provide details to NSDL / CDSL as the case may be, through their respective Depository participants. Shareholders are also requested to note that changes, if any, intimated by the Demat Account holders directly to the Company will not be considered.

SURANA TELECOM LIMITED

Registered Office : 2nd Floor, Surya Towers, S.P.Road, Secunderabad - 500 003.

ATTENDANCE SLIP

18th Annual General Meeting 27th September, 2007.

DP.Id*	Reg. Folio No.
Client Id*	

Name and address of the Shareholder : _____

No. of Share(s) held : _____

I certify that I am a member/proxy for a member of the Company. I hereby record my presence at the 18th Annual General Meeting of the Company, at III Floor, Surya Towers, S.P. Road, Secunderabad - 500 003 at 12.00 Noon. on Thursday, the 27th September, 2007.

_____ ** Member's/Proxy's name in Block Letters

_____ ** Member's/Proxy's Signature

NO GIFTS WILL BE GIVEN

Note : 1. Member/Proxy must bring the Attendance Slip to the Meeting and hand it over, duly signed at the registration counter.
2. NO GIFTS WILL BE GIVEN.

* Applicable for Investors holding shares in electronic form.
** Strike out whichever is not applicable.

SURANA TELECOM LIMITED

Registered Office : 2nd Floor, Surya Towers, S.P.Road, Secunderabad - 500 003.

PROXY FORM

DP.Id*	Reg. Folio No.
Client Id*	

I/We .....
of .....
being member/members of M/s. SURANA TELECOM LIMITED, hereby appoint .....
of .....
or failing him .....
of .....
as my / our proxy to vote for me/us on my/our behalf at the 18th Annual General Meeting of the Company, at III Floor, Surya Towers, S.P. Road, Secunderabad - 500 003 at 12.00 Noon on Thursday the 27th September, 2007 and at every adjournment thereof.

Signed this ..... day of ..... , 2007.

Please Affix Rs.1/- Revenue Stamp

Signature

NO GIFTS WILL BE GIVEN

Note : 1. Proxy need not be a member.
2. Proxy Form, complete in all respects, should reach the Registered Office of the Company on or not later than 48 hours before the time for holding of the Meeting.

* Applicable for Investors holding shares in electronic form.